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MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

JANUARY 15, 2002

12:30 PM

Present:	Brenda Wright	President
	Al Casciato	Vice-President
	William Breall	DOCUMENTS DEPT. Commissioner
	Patricia Martel	FEB 11 2002 Commissioner
	Jake McGoldrick	SAN FRANCISCO PUBLIC LIBRARY Supervisor
	Herb Meiberger	Commissioner
Absent:	Joseph Driscoll *	Commissioner
	Clare M. Murphy Retirement System	Executive Director

MINUTES: Minutes of the regular meeting of December 11, 2001 submitted for approval.

ACTION: Approved as submitted.

* On Military Leave

RETIREMENT BOARD REGULAR MEETING

JANUARY 15, 2002 MINUTES

INVESTMENT CALENDAR

[Supervisor McGoldrick arrived during this item]

1. PRESENTATION BY COOPER CONSULTANTS REGARDING THE ROLE OF THE CONSULTANT

Jennifer Cooper of Cooper Consultants, presented an oral report to the Board on this item.

The Board reviewed and discussed this matter with the consultant and staff. This was an informational item only, no action taken.

[Commissioner Martel arrived during this item]

2. RECOMMENDATION AND APPROVAL OF THE ALTERNATIVE INVESTMENTS CONSULTANT

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

Board requested the staff to provide the following information for this and future recommendations for the selection of consultants /managers:

- Methodology of the weighting criteria used in the selection process and proposed fee structure
- A description of the recommended managers/consultants relationships with minority owned and women owned business firms

The Board requested that all reports be made on SFERS letterhead and signed off by the appropriate staff members.

ACTION: It was moved, by Commissioner Breall, seconded by Casciato, to continue this item to the February 5, 2002; motion passed by the following vote:

Ayes: 5 – Breall, Casciato, Martel, McGoldrick, Wright

Noes: 1 - Meiberger

Absent: 1 – Driscoll

3. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

a. Proxy Votes

All proxies voted in the past month were voted within our established guidelines. These guidelines are currently under review and we will be providing them to the Board at a future meeting for reaffirmation.

b. Investment Portfolio Developments

David Kushner, Deputy Director for Investments provided the Board with the following updates:

- Projected funds flows for the six-month period ended 6/30/02
- Charts showing performance of the Dow, S&P 500, Nasdaq Composite and MSCI EAFE for the six-month period ended December 31, 2001
- Changes in the yield curve for the six-month period ended December 31, 2001
- Mr. Kushner informed the Board that due to the recent changes in the Oaktree Capital Management, staff has delayed the recent investment approved by the Board until the situation is resolved at Oaktree Capital Management.
- Mr. Kushner informed the Board of recent management changes at Capital Guardian and Thomas Weisel Capital Partners. Staff will monitor these changes and determine if there will be an impact on the Fund.
- Mr. Kushner updated the board on the status of the RFP for General Consultant. Staff will bring a recommendation to the Board at the next meeting.
- Mr. Kushner informed the Board that staff continues to have discussions with Ashmore Investment Management regarding contractual details for the Short Duration Local Currency Emerging market Debt mandate.

REGULAR CALENDAR

PUBLIC COMMENT

President Wright reviewed the Public Comment procedures for the attendees.

President Wright on behalf of the Board, staff and members extended thoughts and prayers to the family of Kieran Murphy.

Virginia Barker, Security Analyst, SFERS presented an oral and a written statement disputing the "Projected Six Month Sources and Uses of Funds" as presented by the Deputy Director for Investments. This statement has been included in the minutes as requested pursuant to Proposition G. (Sunshine Ordinance) (Attachment A)

Commissioner Meiberger concurred with Ms. Barker and requested that the Board respond to her concerns.

The Board and staff discussed the manner in which to calendar this item in the future. The President of the Board, the Executive Director, and the Deputy City Attorney will meet to determine whether this matter should be considered in Closed Session.

Gene Baron, Local 21 Retirees, expressed that the matter should not be held in Closed Session because the Board does not comply with Roberts Rules of Order and Closed Session items are not reported out in all cases.

Commissioner Martel informed Mr. Baron that the Retirement Board does adhere to the Roberts Rules of Order and public employee's personnel issues are discussed in Closed Proceedings. Allegations being made regarding personnel activity are sensitive and need to be addressed in Closed Session and response to issues are prepared at the conclusion of the findings.

Ms. Thomas, Retirees Association, requested that the findings be discussed and understood by interested parties for resolution to the concerns raised.

Mr. Baron, expressed his concern whether or not Commissioner Martel would be able to fulfill her duties as a Commissioner due to her recent appointment as General Manager of the Public Utilities Commission. Commissioner Martel assured Mr. Baron she will continue to serve as a member of the Retirement Board and meet her fiduciary responsibilities.

Lois Black, SFERS Employee and Local 790 Shop Steward, informed the Board that the employees at SFERS have been under unusual stress since the 9/11/01 tragedy coupled with the disappearance of co-worker, Kieran Murphy. She urged the Board to listen to the staff and that all communications between the staff and Board should be private.

Claire Zvanski, Member Health Service Board, expressed solidarity for missing Kieran Murphy and on behalf of the Health Service Board extended thoughts and prayers to his family.

1. OLD AND ONGOING BUSINESS LIST

Kay Gulbengay, Executive Assistant, presented a written and oral report on this item.

The Board reviewed the status of items on the Old and Ongoing Business List and requested staff to provide responses and updates in a timely manner.

Staff will make the requested changes and provide updates at the February 2, 2002 Board meeting for the following items:

- Securities Litigation
- Analysis of Natural Resource Investments
- Total days of completion for completed requests

2. REPORT AND RECOMMENDATION TO ADOPT AD HOC COMMITTEE POLICIES

- A. BUSINESS PLANNING POLICY
- B. BOARD EDUCATION POLICY

Ad Hoc Committee, Chair Patricia Martel and Members, Brenda Wright, Al Casciato, reviewed with the Board the process used in the preparation of developing the Business Planning and Board Education Policy.

ACTION: Motion was moved, by Commissioner Casciato, seconded by Meiberger, to approve the Board Education Policy with changes; motion passed by the following vote:
Ayes: 6 – Breall, Casciato, Martel, McGoldrick, Meiberger, Wright
Absent: 1 – Driscoll

Second motion was moved by Commissioner Breall, seconded by Casciato to approve the Business Planning Policy with changes; motion passed by the following vote:
Ayes: 5 – 1; Breall, Casciato, Martel, McGoldrick, Wright
Noes: 1 – Meiberger
Absent: 1 - Driscoll

3. QUARTERLY REPORT ON CONCEPTS AND STATUS OF THE AUTOMATED RETIREMENT SYSTEM

Ron Puff, IS Manager, updated the Board on the status of existing and future projects relating to the automated retirement system.

Lois Black, SFERS staff member, requested an explanation of the process of the conversion and testing of new benefit payment systems.

James Campion, SFGH employee, requested clarification as to why his name on annual statement differs from that on and pay warrant. Staff will contact him and review this issue with him.

This was an informational item only, no action taken.

BREAK

4. RETIREMENT SYSTEM TRAVEL EXPENSE REPORT FOR THE PERIOD ENDING DECEMBER 31, 2001

Clare M. Murphy, Executive Director, presented a written and oral report on this item.

This was an informational item only, no action taken.

5. REVIEW OF FINANCE COMMITTEE REPORT AND APPROVAL OF PRELIMINARY SFERS BUDGET FOR FISCAL YEAR 2002-2003

The Board commended the staff on the process used in the preparation of the 2002-2003 SFERS budget.

Jay Huish, Deputy Director, reviewed with the Board the 2002-2003 SFERS Budget outlining increases or changes from the previous year's budget.

The Board held a discussion regarding the need, the process and salary level of a Commission Secretary to the Board as requested in the budget. Board requested staff to provide the salary level for this position.

Board requested that Cortex Applied Research provide a proposal for services to be addressed in fiscal year 2002-2003.

Jean Thomas, Retiree Association Newsletter Editor, questioned the 5% and 10% reductions as requested by the Mayor's Budget instructions

This item will be calendared for approval at the February 5, 2002 Board meeting.

6. REVIEW OF BENEFIT INTERPRETATION POLICY ACTIVITIES FOR 2001

Jay Huish, Deputy Director, presented a written and oral report on this item.

This was an informational item, no action taken.

7. REVIEW AND APPROVAL OF SFERS ANNUAL REPORT FOR FISCAL YEAR 2000-2001

Kay Gulbengay, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the SFERS annual report with staff and provided corrections.

ACTION: It was moved, by Commissioner Meiberger, seconded by Casciato, to approve the SFERS Annual Report with amendments; motion passed by the following vote:
Ayes: 6 – Breall, Casciato, Martel, McGoldrick, Meiberger, Wright
Absent: 1 – Driscoll

8. REVIEW AND DECISION FOR RESOLUTION 50 – WORK ASSIGNMENT
COMMISSIONER MEIBERGER'S REQUEST FOR INFORMATION

Clare M. Murphy, Executive Director, presented a written and oral report on this item.

The Board reviewed and discussed with staff the requests for information from Commissioner Meiberger and correspondences from staff on the matter.

The Board requested staff to review Commissioner Meiberger's requests and outline for the Board those questions they have answered and those, which will require additional staff time to complete. The Board requested that this information be provided to the Board at the February 5, 2002 for Board.

ACTION: It was moved, by Commissioner Meiberger, seconded by Casciato, to continue this item to the February 5, 2002 Board meeting; motion passed by the following vote:
Ayes: 5 – Breall, Casciato, Martel, McGoldrick, Wright
Noes: 1 - Meiberger
Absent: 1 – Driscoll

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1A. VOLUNTARY RETIREMENT BOARD LIST NO. 12-01

1B. VOLUNTARY RETIREMENT BOARD LIST NO. 13-01

2. DECISION OF HEARING OFFICER

- a. Manuela Burgos
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date:

September 1, 1999

Granted

- | | | |
|----|---|---------|
| b. | Richard J. Cairns
Q-82 Captain – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: July 7, 2001 | Granted |
| c. | Duane Collins
Q-4 Police Officer – Police Dept.
Industrial Disability Retirement / Stipulation
Effective Date: January 8, 2000 | Granted |
| d. | Paul J. Faivor
2322 Nurse Manager – DPH
Ordinary Disability Retirement
Effective Date: October 5, 2001 | Granted |
| e. | Anthony R. Jackson
9163 Transit Operator – Muni
Ordinary Disability Retirement / Stipulation
Effective Date: June 1, 2000 | Granted |
| f. | Thomas J. Kelly
H-20 Lieutenant – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: August 26, 2000 | Granted |
| g. | Ada C. Leong
430C Deputy Clerk – Trial Courts
Ordinary Disability Retirement
Effective Date: March 30, 2002 | Granted |
| h. | Dennis McInnis
7372 Stationary Engineer – PUC
Ordinary Disability Retirement
Effective Date: February 1, 2001 | Granted |
| i. | Claire Mortimer
2328 Nurse Practitioner – SFGH
Ordinary Disability Retirement
Effective Date: May 1, 2000 | Denied |
| j. | Stephen F. Parrott
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: March 16, 1999 | Denied |

- k. Phillip V. Puga
2619 Sr. Food Service Supervisor – LHH
Ordinary Disability Retirement / Stipulation
Effective Date: June 20, 2001
Granted
- l. James C. Riley
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: October 1, 2001
Granted
- m. Carmen P. Robinson
1426 Sr. Clerk Typist – DHS
Ordinary Disability Retirement
Effective Date: January 1, 2001
Granted
- n. Carol Scheer
8238 Public Dispatcher – Emergency Comm. Dept.
Ordinary Disability Retirement
Effective Date: May 1, 2001
Granted
- o. Joyce M. Vanman
7344 Carpenter – DPH
Ordinary Disability Retirement
Effective Date: April 1, 2001
Granted

3. PETITION FOR REHEARING

- a. Roger O. Herrera
5291 Planner III – Planning Dept.
Ordinary Disability Retirement
Effective Date: February 3, 2001
Denied

4. DISMISSAL OF ORDINARY DISABILITY RETIREMENT APPLICATION

- a. Ernie Monia
- b. Ezart C. Turner

5. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

- a. Rachelle Burton
- b. Gwen L. Horn
- c. Henrietta Lee
- d. James K. Pan

6. REQUEST AUTHORIZATION FOR COMMISSIONER MEIBERGER TO ATTEND THE PACIFIC PENSION INSTITUTE 2002 WINTER ROUNDTABLE MEETING TO BE HELD ON JANUARY 23-25, 2002 IN REDWOOD CITY, CALIFORNIA
7. REQUEST AUTHORIZATION FOR GLEN SCHWARTZ TO ATTEND THE PENSIONS 2000 ALTERNATIVE INVESTMENTS CONFERENCE AND THE ANNUAL BATTERY VENTURES MEETING TO BE HELD ON FEBRUARY 24 – MARCH 1, 2002 IN FLORIDA
8. REQUEST AUTHORIZATION FOR DEPUTY DIRECTOR FOR INVESTMENTS, DAVID KUSHNER, TO ATTEND THE RREEF 2002 EDUCATIONAL SEMINAR TO BE HELD ON JANUARY 31 – FEBRUARY 2, 2002 IN PALM SPRINGS, CA
9. REQUEST AUTHORIZATION FOR COMMISSIONER AL CASCIATO TO ATTEND THE RREEF 2002 EDUCATIONAL SEMINAR TO BE HELD ON JANUARY 31 – FEBRUARY 2, 2002 IN PALM SPRINGS, CA
10. REQUEST AUTHORIZATION FOR COMMISSIONER BRENDA WRIGHT TO ATTEND THE 5TH ANNUAL WALL STREET PROJECT CONFERENCE TO BE HELD ON JANUARY 15-18, 2002 IN NEW YORK, NY

ACTION: It was moved, by Commissioner Breall, seconded by Martel, to approve the Consent Calendar with corrections; motion passed by the following vote:

Ayes: 6 – Breall, Casciato, Martel, McGoldrick, Meiberger, Wright

Absent: 1 – Driscoll

BOARD MEMBER'S REPORTS

1. Commissioner Casciato inquired as to whether or not there is a process where SFERS staff may submit written suggestions for consideration. Ms. Murphy explained that there is an existing Employee Committee where employees participate and bring their ideas and suggestions.

PUBLIC COMMENT (Continued)

Jean Thomas, Retirees Association thanked the Board for adjourning the December 11, 2002 Board meeting in memory of her late husband. She felt, from the discussions on items today, that information is not being distributed to interested parties in a timely manner and that questions are not being answered so that decisions can be made.

James Campion, SFGH employee, informed the Board that he appreciated the different styles of management and was grateful for the discussions between staff and Board members, which took place today.

VOTE ON WHETHER TO HOLD A CLOSED SESSION TO CONFER WITH LEGAL COUNSEL

[Commissioner Wright left during this item. Commissioner Casciato assumed the Chair.]

ACTION: It was moved by Commissioner Breall, seconded by Meiberger, to hold a Closed Session to confer with Legal Counsel; motion passed by the following votes:
Ayes: 6 – Breall, Casciato, Martel, McGoldrick, Meiberger, Wright
Absent: 1 – Driscoll

CLOSED SESSION

STARTED 4:22 PM

ENDED 4:33 PM

Present: Vice-President Casciato
Commissioner Breall
Commissioner Martel
Supervisor McGoldrick
Commissioner Meiberger
Jay Huish, Deputy Director
Kay Gulbengay, Executive Director
Dan Maguire, Deputy City Attorney
Owen Clements, Deputy City Attorney

Absent: Commissioner Driscoll (Military Leave)

Pursuant to the Ralph M. Brown Act, Government Code Section 54956.9 and the Sunshine Act, San Francisco Administrative Code Section 67.10, the Retirement Board will meet in closed session.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Subdivision (a) of Government Code §54956.9, Administrative Code §67.10

Raymond Mason, et al. v. Retirement Board, et al.
Municipal Attorneys Assoc., et al. v. Retirement Board, et al.
J. Thomas Aldana, et al. v. Retirement Board, et al.
San Francisco Superior Court No. 998779

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Subdivision (b) of Government Code §54956.9, Administrative Code §67.11
_____ As defendant _____ As plaintiff

The facts and circumstances which may result in litigation concern the October 1, 1986 and July 26, 2001 investment agreements between the San Francisco Employees' Retirement System and Oechsle International Advisors. Litigation concerning these facts and circumstances is pending in Dawn Clements v. Oechsle International Advisors, LLC, et al., Case No. Alameda County Superior Court No. 830914-5.

The Retirement Board reconvened in open session at 4:33 p.m.

Deputy City Attorney Dan Maguire announced the actions taken during the Closed Session.

- A) Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.14(a).)

ACTION: It was moved by Commissioner Breall, seconded by Meiberger, not to disclose the discussions held in closed session; motion was passed by the following votes:

Ayes: 5 – Breall, Casciato, Martel, McGoldrick, Meiberger

Absent: 2 – Driscoll, Wright

- B) Report on action taken in closed session. (Government Code section 54957.1 and San Francisco Administrative Code section 67.14(b)(2).)

NO ACTION TAKEN

REGULAR CALENDAR (CONTINUED)

9. ADOPTION OF RESOLUTION RATIFYING THE OCTOBER 1, 1986 AND JULY 26, 2001 INVESTMENT AGREEMENTS BETWEEN THE SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM AND OECHSLE INTERNATIONAL ADVISORS

Dan Maguire, Deputy City Attorney, presented a written and oral report on this item.

ACTION: It was moved, by Commissioner Breall, seconded by Meiberger, to approve the Consent Calendar; motion passed by the following vote:

Ayes: 5 – Breall, Casciato, Martel, McGoldrick, Meiberger

Absent: 2 – Driscoll, Wright

[Commissioner Martel left during this item]

EXECUTIVE DIRECTOR'S REPORT

1. Ms. Murphy updated the Board on the SFUSD reporting of payrolls and the processing of SFUSD employees' pre-tax buy back requests.
2. Ms. Murphy provided the Board an update on the proposed legislation to bring the State of California Revenue and Taxation in compliance with the Federal provisions of EGTRAA. Staff has drafted a letter to legislators to urge the passage of SB 657.
3. Ms. Murphy provided the Board an update on a Plan for Tax Favored of Lump Sum Payouts of Accrued Leaves. She has been in contact with the firm of BENCOR and requested them provide a review of SFERS legislative provisions relating to SFERS and has not received any follow up to date. She has contacted them for feed back on two different occasions since the initial contact sometime in late December. Ms. Murphy will continue to contact representatives of the firm and report back to the Board.
4. Ms. Murphy provided the Board on the payment dates for Police and Fire Cola.
5. Ms. Murphy informed that there are two proposed Charter Amendments for the March Ballot which will affect the Retirement System business if passed. The subjects of the Charter Amendment are Supplemental Cost of Living and Domestic Partnership.
6. Ms. Murphy informed the Board that she had received correspondence from the Director of Elections stating that there will not be a need to hold a Retirement Board Election as one candidate had withdrawn his name from nomination and only one candidate remained. The Department of Elections has declared that Commissioner will serve a new term effective February 20, 2002.

7. Ms. Murphy provided the Board with a list of educational opportunities. She informed the Board of the CALAPRS Trustees Roundtable and encouraged their attendance.

There being no further business, the Board adjourned its meeting at 4:45 PM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Clare M. Murphy". The signature is fluid and cursive, with the first name "Clare" and last name "Murphy" being more prominent than the middle initial "M".

Clare M. Murphy, Executive Director

ATTACHMENT A

Summary of:

Statement to the Retirement Board of the City and County of San Francisco
by Virginia Barker
January 15, 2002

for Inclusion in the Retirement Board Minutes,
in Accordance with Proposition G

The "Projected Six Month Sources and Uses of Funds", presented to the Board and to the public today by the Retirement System's Deputy Director of Investments, David Kushner, is a materially misleading statement of the Retirement System's financial condition. The Sources and Uses Statement contains a major omission: it does not include sales of assets, which are a major source of funds. The necessity of including asset sales in the sources and uses statement was brought to Mr. Kushner's attention, most recently at the December 11, 2001 Board meeting by the Retirement System Actuary, Kieran Murphy. And yet, Investment Division reporting to the Board persists in its material misstatement.

The misleading understatement of the Retirement System's sources of funds constitutes a violation of professional standards of care. I believe Mr. Kushner's workproduct, supervised by Executive Director Clare Murphy, is evidence of gross incompetence and malfeasance.

Public Comment
1/15/02

RESOLUTION

WHEREAS, the Retirement Board has reviewed the investment agreement between the San Francisco Employees Retirement System ("SFERS") and Oechsle International Advisors ("Oechsle"), dated October 1, 1986 ("the 1986 Contract"), which agreement was signed by Clare Murphy, SFERS's General Manager and DeWitt Bowman, SFERS's Chief Investment Officer, on behalf of SFERS, and which is attached to this Resolution as Exhibit 1; and

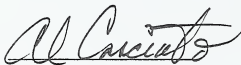
WHEREAS, the Retirement Board has reviewed the investment agreement between SFERS and Oechsle, dated July 26, 2001 ("the 2001 Contract"), which agreement was signed by Clare Murphy, SFERS's Executive Director, on behalf of SFERS, and which is attached to this Resolution as Exhibit 2; and

WHEREAS, the Retirement Board has been fully informed of and has considered the allegations that the 1986 Contract was not authorized by the Retirement Board, that the Retirement Board was not notified of or aware of the fee schedule as set forth therein, and that such rates were higher than those approved by the Retirement Board for such contract, which allegations are set forth in the First Amended Complaint for Damages and Civil Penalties (attached to this Resolution as Exhibit 3) in the case entitled Clements v. Oechsle International Advisors, LLC et al., Alameda County Superior Court No. 830914-5; NOW, THEREFORE

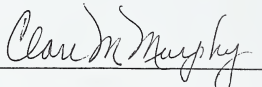
BE IT RESOLVED that the Retirement Board confirms the authority of the signatories for SFERS of the 1986 Contract and the 2001 Contract to execute such contracts, with fee schedules as set forth therein, on behalf of the Retirement Board at the time the contracts were signed.

BE IT FURTHER RESOLVED that, to the extent necessary, the Retirement Board expressly ratifies and confirms the 1986 Contract and the 2001 Contract, with the fee schedules as set forth therein.

This resolution was adopted by the Retirement Board on January 15, 2002.



Al Casciato, Commissioner



Clare M. Murphy, Executive Director

February 5, 2002

To: Retirement Board Members of City and County of San Francisco
Employees' Retirement System

From: Lois S. Black, Chief Shop Steward – Civic Center Chapter,
SEIU Local 790
Active Employee of the City and County of San Francisco
Member of San Francisco Employees' Retirement System

I must amend the 01/15/2001 Board minutes to accurately reflect what I actually said. I want my message clearly understood without any external interpretation, bias, spin or editing.

My comments reflect dissent and not disloyalty. Stress levels in the Employees' Retirement System offices are extremely high and morale is low. Dissenting opinions are summarily dismissed by most managers.

As a result, some employees of the Retirement System are speaking directly to the Retirement Board regarding their various concerns because their abilities and expertise are undervalued or ignored. Their courage to put forth their arguments and opinions in front of the Retirement Board is admirable.

In closing, the employees who do speak up should not have to suffer any repercussions on their jobs as a result of their loyalty to the over 40,000 members of this System. Nor should they suffer as a result of their loyalty or friendship with Kieran Murphy. Thank you.



MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

FEBRUARY 5, 2002

Minutes were approved as amended. The Board received and noted, but did not comment on the veracity or formally accept the revisions presented by Ms. Virginia Barker, which are available in the permanent records of the March 5, 2002 Board meeting. (Amendments are underlined)

12:30 PM

Present: Brenda Wright

President

Al Casciato

DOCUMENTS DEPT.

Vice-President

William Breall

MAR 19 2002

Commissioner

Patricia Martel

SAN FRANCISCO
PUBLIC LIBRARY

Commissioner

Jake McGoldrick

Supervisor

Absent: Joseph Driscoll *

Commissioner

Herb Meiberger

Commissioner

Clare M. Murphy
Retirement System

Executive Director

MINUTES: Minutes of the regular meeting of January 15, 2002 submitted for approval.

ACTION: Approved as amended.

* On Military Leave

RETIREMENT BOARD REGULAR MEETING

FEBRUARY 5, 2002 MINUTES

REGULAR CALENDAR

PUBLIC COMMENT

President Wright reviewed the Public Comment procedures for the attendees.

Lois Black, Chief Shop Steward of the Civic Center Chapter Local 790 and SFERS staff member read into the record a written statement to reflect what she actually said at the January 15, 2002 meeting. She requested that this statement be included in the minutes. (See attachment A)

Richard Clayton, SEIU 790, requested that the Board to delay action on Item 2 of the Investment Calendar, Approval of General Consultant, to allow the board to meet with finalists and review scores and criteria used in arriving at the staff's recommendation.

Dale Butler, SEIU 790, requested that the Board be diligent and open to increasing the Credited Interest Rate when this matter is scheduled for consideration.

Karen Rosen, City and County Employee for 12 years, urged her support of increasing the Credited Interest Rate.

San Francisco City and County Nurse for 25 years urged her support for the increase of the Credited Interest Rate.

Jim Campion, SFGH Nurse, urged his support for the increase of the Credited Interest Rate.

President Wright expressed her appreciation for the remarks made during the Public Comment and on behalf of the Board wanted to inform those in attendance that the Board does take their responsibilities very seriously.

1. OLD AND ONGOING BUSINESS LIST

Kay Gullbengay, Executive Assistant, presented a written and oral report on this item.

The Board reviewed the status of items on the Old and Ongoing Business List

ACTION: It was moved by Commissioner Breall, seconded by McGoldrick to approve the Old and Ongoing Business List; motion passed by the following vote:
Ayes: 4 - Breall, Casciato, McGoldrick, Wright
Absent: 3 - Driscoll, Martel, Meiburger

[Commissioner Martel arrived during this item]

2. REVIEW OF STATEMENT OF ECONOMIC INTEREST FORM 700 FOR THE YEAR 2001

Kay Gulbengay, Executive Assistant, provided the Board with the Statement of Economic Interest Form 700 with filing and deadline instructions. She informed the Board that they are required to file the Sunshine Ordinance Declaration with their Form 700.

Deputy City Attorney informed the Board that he is available to answer questions Board members may have when completing their Form 700.

This was an informational item only, no action taken.

3. SEMI-ANNUAL REVIEW OF THE DISABILITY RETIREMENT HEARING PROCESS

Kay Gulbengay, Executive Assistant, presented a written and oral report providing a semi-annual review of the disability retirement hearing process.

Ms. Gulbengay informed the Board that the staff has met two times with employee organization representatives and attorneys for applicants to review the procedure and rules for possible revisions.

Staff is waiting for a response from the employee representatives. She will contact representatives of the employee organizations to set up another meeting.

This was an informational item only, no action taken.

4. PROXY SHAREHOLDERS VOTE – SAN FRANCISCO DEFERRED COMPENSATION (457) PLAN: AETNA BALANCED VP, AETNA BOND VP, AETNA MONEY MARKET VP, AETNA INDEX PLUS LARGE CAP VP, AETNA INTERNATIONAL VP, AETNA SMALL COMPANY VP AND AETNA VALUE OPPORTUNITY VP

Kay Gulbengay, Executive Assistant, and Mark Coleman, Security Analyst, presented a written and oral report on this item.

ACTION: The Board, by ballot vote, approved the Proxy Shareholders vote; Proxy's passed by the following vote:

Ayes: 4 - Casciato, Martel, McGoldrick, Wright

Noes: 1- Breall

Absent: 2 - Driscoll, Meiberger

5. APPROVAL OF SFERS BUDGET FOR FISCAL YEAR 2002-2003

Jay Huish, Deputy Director, and Clare M. Murphy, Executive Director reviewed with the Board revisions and supplemental information as requested by the Board members at the January 15, 2002.

Commissioner Casciato requested information relating to the possible lay offs of SFERS staff due to the Mayor's budget instructions for departmental budget reductions.

Ms. Murphy informed the Board that the Mayor's budget instructions for reduction were directed to departments that were all or in part General Fund funded. Ms. Murphy has been contacted by the Mayor's office and was informed that SFERS has met the request to reduce expenditures and will not be affected further. Individual employees' positions at SFERS are not at risk, but individual employees may be subject to bumping by employees in the same classification with higher seniority who are laid off from other departments. Most classifications at SFERS are specific to Retirement Administration therefore; the jeopardy of employees being bumped is limited.

President Wright expressed her appreciation to staff and members of the Finance Committee for their work in the preparation of the 2002-2003 SFERS Budget.

ACTION: It was moved by Commissioner Martel, seconded by Casciato to approve the SFERS Budget for Fiscal Year 2002-2003; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Martel, McGoldrick, Wright

Absent: 2 - Driscoll, Meiberger

6. REVIEW AND DECISION FOR RESOLUTION 50 – WORK ASSIGNMENT COMMISSIONER MEIGERGER'S REQUEST FOR INFORMATION

David Kushner, Deputy Director for Investments, reviewed with the Board staff's response to Commissioner Meiberger's questions and issues raised in his previous memorandums.

The Board inquired as to whether or not Commissioner Meiberger was provided this information prior to the Board meeting. Staff provided the response on January 28, 2002 and has not had a response from Commissioner Meiberger.

Commissioner Wright requested that Board member's requests that require staff time be brought to the Board for their decision as to whether or not staff moves forward on such requests.

ACTION: It was moved by Commissioner McGoldrick, seconded by Martel to accept staff's response to the Board regarding questions raised by Commissioner Meiberger and that no further staff time be invested to answer the listed questions; motion was passed by the following vote:

Ayes: 5 - Breall, Casciato, Martel, McGoldrick, Wright

Absent: 2 - Driscoll, Meiberger

7. PERSONNEL COMMITTEE REPORT AND APPROVAL FOR INTERIM ASSIGNMENT OF ACTUARY'S DUTIES

Commissioner Casciato, Chair of the Personnel Committee, updated the Board that the Personnel Committee had met to discuss the status of the Actuary. He informed the Board that the Committee would reconvene when new information becomes available and will provide updates to the Board.

In the interim, the Personnel Committee has requested the Executive Director to contact representatives of Towers Perrin, Actuary Consultant, to work together in the review of current and future actuarial issues relating to the SFERS.

Commissioner Casciato requested that any questions regarding Kieran Murphy be directed to the President of the Board and will be referred to the Personnel Committee.

ACTION: It was moved by Martel, seconded Breall, to accept the Personnel Committee's recommendation that the Actuary assignments be coordinated by the Executive Director and the consulting actuary until June 30, 2002; motion passed by the following vote:

Ayes: 5 – Breall, Casciato, Martel, McGoldrick, Wright

Absent: 2 – Driscoll, Meiberger

8. UPDATE REGARDING PUBLIC COMMENTS MADE AT THE JANUARY 15, 2002 RETIREMENT BOARD MEETING

Commissioner Wright informed the Board that she had met with Clare M. Murphy, Executive Director and Deputy City Attorney, Dan Maguire, to address issues raised by public comments made at the January 15, 2002 Board meeting regarding a report of projected sources and uses of funds. Currently, they are in the process of investigating statements made at that time and will provide a report in the future.

The Board reviewed with the Deputy City Attorney, Dan Maguire, whether or not this matter should be discussed in Closed Session due to the personnel nature. The Deputy City Attorney indicated that at this time it was not being considered a personnel matter. Commissioner Wright stated that if after the review of these statements and allegations, it does prove to be a personnel matter, it would be considered in a Closed Session meeting.

The Board expressed their concern about the process and method in which these issues were provided to the Board. The Board requested that another way or method be identified to bring these types of allegations to the Board.

Virginia Barker, Security Analyst, reviewed with the Board the process in which these matters were brought to the Board members prior to her public comments made at the January 15, 2002 Board meeting.

The Board asked Deputy City Attorney, Dan Maguire, if these remarks that were being made were of a personnel nature. He responded that personnel matters refer to an individual person or employee's performance.

Deputy City Attorney, Dan Maguire, requested that Virginia Barker keep her public comments separate from her interplay with personnel and save the personnel issues for another day. Ms. Barker considered the personnel issues to be part of the process issue.

She distributed a written statement in response to the "Explanation of Sources and Uses of Funds' Statement" prepared by the Deputy Director for Investments to be presented during the Investment Calendar today.

Dale Butler, SEIU Local 790, spoke on behalf of Ms. Barker's issues and his concern that the Board was unable to have access to a knowledgeable staff person. He expressed his concern about a change of methodology and the need for oversight. He is hopeful that members will be able to contact Board members and make reports on issues.

Jim Campion, SFGH Nurse, shared with the Board his comments regarding this issue and echoed his appreciation for the manner in which the information was given in an open manner at the January 15, 2002 Board meeting.

Commissioner Wright clarified that she, Clare M. Murphy, Executive Director and Deputy City Attorney, Dan Maguire are in the process of reviewing the allegations and will bring back a report to the Board.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1A. VOLUNTARY RETIREMENT BOARD LIST NO. 14-01

1B. VOLUNTARY RETIREMENT BOARD LIST NO. 15-01

2. DECISION OF HEARING OFFICER

- | | | | |
|----|---|--------------------|---------|
| a. | Gail L. Barrett
Q-3 Police Officer – Police Dept.
Industrial Disability Retirement
Effective Date: | December 1, 2001 | Denied |
| b. | Michael M. Gerber
1630 Account Clerk – DPH
Ordinary Disability Retirement
Effective Date: | August 21, 1999 | Granted |
| c. | John Parker
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date: | June 1, 2001 | Granted |
| d. | Michael Rogers
H-10 Chief Operator – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | July 8, 2000 | Denied |
| e. | Marjorie Ross (Dependent child)
Bernard Charles Ross (Deceased)
H-2 Firefighter – Fire Dept.
Effective Date: | September 14, 2001 | Granted |
| f. | Gerald W. Trainor
H-20 Lieutenant – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | September 9, 1996 | Denied |

g. Benita Williams
1428 Ward Clerk – SFGH
Ordinary Disability Retirement
Effective Date:

February 1, 2000

Denied

3. DISMISSAL OF ORDINARY DISABILITY RETIREMENT APPLICATION

- a. Ernest Moore
- b. Richard Pasquinelli

4. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

- a. Dwight Compton
- b. Demetrious Cutino
- c. Roland Ditan
- d. Willie Loggins, Jr.
- e. Alison Mickels
- f. Supremie Serena Wysinger

- 5. REQUEST AUTHORIZATION FOR COMMISSIONER MEIBERGER TO ATTEND THE 5TH ANNUAL ASSET ALLOCATION SUMMIT TO BE HELD ON APRIL 15-17, 2002 IN WILLIAMSBURG, VA
- 6. REQUEST AUTHORIZATION FOR COMMISSIONER MEIBERGER TO ATTEND THE INSTITUTIONAL INVESTOR INSTITUTE'S ANNUAL PUBLIC FUNDS ROUNDTABLE TO BE HELD ON APRIL 24-26, 2002 IN PALM SPRINGS, CA
- 7. REQUEST AUTHORIZATION FOR GLEN SCHWARTZ, SENIOR INVESTMENT OFFICER, TO ATTEND THE OCM FUND CONFERENCE TO BE HELD ON MARCH 11-13, 2002 IN LOS ANGELES, CA
- 8. REQUEST AUTHORIZATION FOR GLEN SCHWARTZ, SENIOR INVESTMENT OFFICER, TO ATTEND THE ANNUAL MEETING OF DOUGHTY HANSON & CO. TO BE HELD ON MARCH 20-22, 2002 IN PHOENIX, AZ
- 9. REQUEST AUTHORIZATION FOR WEN LING CHIN, SECURITY ANALYST, TO ATTEND THE FOX PAINE ANNUAL MEETING TO BE HELD ON MARCH 19-23, 2002 IN MIAMI, FL

10. RESOLUTIONS COMMENDING GERTRUDE DONLIN AND JOSE TADIFA ON THE OCCASION OF THEIR RETIREMENT

- ACTION:** It was moved, by Commissioner Breall, seconded by Martel, to approve the Consent Calendar with the addition of a travel request for Donald Holcher, Senior Investment Officer to attend the Real Estate Advisory Meeting in Phoenix, AZ; motion passed by the following vote:
Ayes: 5 – Breall, Casciato, Martel, McGoldrick, Wright
Absent: 2 – Driscoll, Meiburger

EXECUTIVE DIRECTOR'S REPORT

1. Ms. Murphy updated the Board on the SFUSD payroll.
2. Ms. Murphy provided status of the COLA adjustments for Police/Fire/Chiefs.
3. Ms. Murphy informed the Board that she had met with a representative of the Firefighters Local 798 and the attorney representing the Police Officer's Association on the proposed 3%@55 Charter Amendment.
4. Ms. Murphy informed the Board that AMB would like to extend a dinner invitation to the Board. She will send a memo to the Board members so that they can indicate dates of availability.
5. Ms. Murphy informed the Board that ING will be sending invitations for a dinner to be held on March 5, 2002 after the Board meeting.
6. Ms. Murphy updated the Board on the status of legislation pending the State Senate regarding California Tax Law Conformity.
7. Ms. Murphy provided the Educational Opportunities List.
8. Ms. Murphy informed the Board that on Thursday, February 7th, she and the staff would meet with representatives of the retiree's organizations, the second of regular quarterly meetings.

INVESTMENT CALENDAR

1. APPROVAL OF ALTERNATIVE INVESTMENTS CONSULTANT

David Kushner, Deputy Director for Investments, reviewed with the Board the criteria and ratings used in the selection process and recommendation for the alternative investment consultant.

Representatives of Pacific Corporate Group (PCG) responded to questions raised by Board members.

The Board inquired if staff had informed finalists to attend the meeting. Staff did not require the presence of the finalists and were not aware that representatives from PCG would be present.

Representatives of PCG left the meeting during the Board discussion.

The Board reviewed with the staff the criteria used in their recommendation. Staff informed the Board that the recommendation to select Cambridge Associates was made because the firm would best serve the needs of SFERS and stated that PCG was a capable and qualified firm. Commissioner Martel indicated that the criteria used by the staff did not provide clear evidence that one firm was better than the other.

Commissioner Breall made a motion to select PCG as the Alternative Investments Consultant, motion was seconded by Commissioner Martel for discussion purposes.

Commissioner McGoldrick expressed his concern that representatives from Cambridge were not present to respond to Board member's questions.

ACTION: It was moved by Commissioner McGoldrick to continue this matter so that Cambridge Associates representatives could appear before the Board, seconded by Commissioner Casciato; motion failed by the following vote:

Ayes: 2 - Casciato, McGoldrick

Noes: 3 - Breall, Martel, Wright

Absent: 2- Driscoll, Meiberger

Commissioner McGoldrick asked staff if there is a performance criteria for consultants. Staff informed the Board that the guidelines will be presented at the next Board meeting.

ACTION: Motion to select Pacific Corporate Group as the Alternative Investments consultant with staff to negotiate fees was passed by the following vote:

Ayes: 4 - Breall, Casciato, Martel, Wright

Noes: 1 - McGoldrick

Absent: 2 - Driscoll, Meiberger

2. RECOMMENDATION AND APPROVAL OF GENERAL CONSULTANT

David Kushner, Deputy Director for Investments, and Jennifer Cooper of Cooper Consultants, presented a written and oral report to the Board on this item.

ACTION: It was moved by Commissioner Breall, seconded by McGoldrick to approve staff's recommendation to select Angeles Investment Advisors as the General Consultant; motion was passed by the following vote:

Ayes: 5 - Breall, Casciato, Martel, McGoldrick, Wright

Absent: 2 - Driscoll, Meiberger

The Board requested staff to review with Angeles Investment Advisors their concern to improve communications between the General Consultant and Board members. Commissioner Wright expressed her concerns regarding Angeles' relationships with MBE/WBE/LBE firms.

3. ANNUAL REPORT ON PROXY ISSUES FOR THE YEAR ENDED DECEMBER 31, 2001

Mark Coleman, Security Analyst, and Irene Simakova of Research Institutional Shareholder Services, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the annual Proxy report and engaged in a question and answer session.

This was an informational item only, no action taken.

4. REVIEW OF RECOMMENDATION OF POSITION REGARDING PROXY ISSUES FOR THE YEAR 2002

Mark Coleman, Security Analyst and Irene Simakova of Research Institutional Shareholder Services, presented a written and oral report to the Board on this item.

ACTION: The Board, by ballot vote, approved recommendation of position regarding Proxy issues for the Year 2002; the proxy's passed by the following vote:

Ayes: 4 - Casciato, Martel, McGoldrick, Wright

Noes: 1 - Breall

Absent: 2 - Driscoll, Meiberger

5. RECOMMENDATION AND APPROVAL OF THE 2002 REAL ESTATE INVESTMENT PLAN

Donald Holcher, Senior Investment Officer, Micolyn Yalonis and Terry Ahern of the Townsend Group, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Real Estate Investment Plan and engaged in a question and answer session with staff.

ACTION: It was moved by Commissioner Casciato, seconded by Breall to approve the 2002 Real Estate Investment Plan; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Martel, McGoldrick, Wright

Absent: 2 - Driscoll, Meiberger

6. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

a. Proxy Votes

There have been no proxies voted outside our standard guidelines since the last meeting.

b. Investment Portfolio Developments

David Kushner, Deputy Director for Investments provided the Board with the following updates:

- Updated the Board on the status of the sale of RREEF Real Estate Managers.
- Recommended that the Board extend the current Custodial contract with Northern Trust for one year.
- The Deputy Director for Investments provided a detailed explanation of the information contained in the Sources and Uses of Funds statement and the purpose for providing this information. The Deputy Director for Investments reiterated to the Board that the fund is in very sound financial condition, and no recommendations have been made to the Board, nor has the Board taken any action related to the information provided in this statement.

BOARD MEMBER'S REPORTS

Commissioner Meiberger provided the Board with the following updates requesting revisions to the Annual Report for Fiscal Year Ended June 30, 2001 and his Attendance at the Pacific Pension Institute's 2002 Winter Roundtable Meeting.

Commissioner Casciato requested staff to look into the status of Mr. Patrick Denning's prior service inquiry.

Commissioner Casciato requested the Executive Director to restate her statement regarding the status of possible layoffs for the benefit of the Shop Steward, Lois Black, now in attendance. Ms. Murphy restated that the Mayor's budget instructions for reductions were directed to departments that were all or in part General Fund funded. Ms. Murphy has been contacted by the Mayor's office and was informed that SFERS has met the request to reduce expenditures and will not be affected further. Individual employees' positions at SFERS are not at risk, but individual employees may be subject to bumping by employees with the same classification with higher seniority who are laid off from other departments.

Commissioner Casciato informed the Board that he has provided a draft of the Charter Amendment from Local 790 to address possible layoff in the 2002-2003 budget.

Commissioner Casciato requested Clare Murphy, Executive Director, to provide Commissioner Driscoll with BENCOR's address and information.

CLOSED SESSION

NO CLOSED SESSION HELD.

There being no further business, the Board adjourned its meeting at 5:40 PM.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Clare M. Murphy".

Clare M. Murphy, Executive Director

February 5, 2002

To: Retirement Board Members of City and County of San Francisco
Employees' Retirement System

From: Lois S. Black, Chief Shop Steward – Civic Center Chapter,
SEIU Local 790
Active Employee of the City and County of San Francisco
Member of San Francisco Employees' Retirement System

I must amend the 01/15/2001 Board minutes to accurately reflect what I actually said. I want my message clearly understood without any external interpretation, bias, spin or editing.

My comments reflect dissent and not disloyalty. Stress levels in the Employees' Retirement System offices are extremely high and morale is low. Dissenting opinions are summarily dismissed by most managers.

As a result, some employees of the Retirement System are speaking directly to the Retirement Board regarding their various concerns because their abilities and expertise are undervalued or ignored. Their courage to put forth their arguments and opinions in front of the Retirement Board is admirable.

In closing, the employees who do speak up should not have to suffer any repercussions on their jobs as a result of their loyalty to the over 40,000 members of this System. Nor should they suffer as a result of their loyalty or friendship with Kieran Murphy. Thank you.

February 5, 2002

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MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

DOCUMENTS DEPT

APR - 9 2002

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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

MARCH 5, 2002

12:30 PM

Present:	Brenda Wright	President
	Al Casciato	Vice-President
	William Breall	Commissioner
	Jake McGoldrick	Supervisor
	Herb Meiberger	Commissioner
Absent:	Joseph Driscoll *	Commissioner
	Patricia Martel	Commissioner
	Clare M. Murphy Retirement System	Executive Director

MINUTES: Minutes of the regular meeting of February 5, 2002 submitted for approval.

ACTION: Approved as amended. The Board received and noted, but did not comment on the veracity or formally accept the revisions presented by Ms. Virginia Barker, which are available in the permanent records of the March 5, 2002 Board meeting.

*On Military Leave

RETIREMENT BOARD REGULAR MEETING

MARCH 5, 2002 MINUTES

PUBLIC COMMENT

President Wright reviewed the Public Comment procedures for the attendees.

Virginia Barker, SFERS, Security Analyst, provided the Board revisions to the February 5, 2002 Board minutes. She requested that the minutes for February 5, 2002 be amended to reflect her corrections.

Ms. Barker provided the Board with a written statement of her review of the "Explanation of 'Sources and Uses of Funds' as presented by the Deputy Director for Investments at the February 5, 2002 Board meeting.

Ms. Barker read to the Board a written statement (See Attachment "A") for inclusion in the Retirement Board minutes relating to the Sources and Uses document being provided to the Board members.

Lindsay Van Hoorhis, Cambridge Associates informed the Board that Cambridge was not present at the February 5, 2002 Board meeting when the selection of the Alternative Investment Consultant was being considered because they were not invited nor did they think it would be appropriate to be in attendance. He wanted to personally let the Board know that it was not for lack of caring because SF is one of Cambridge's biggest and most important client since 1989. He informed the Board that they have requested reconsideration of this decision based on information, which was not available to the Board at the time of the meeting.

Lois Black, Member of the System, requested information regarding the status of the assignments of the Actuary since Kieran Murphy's absence. The Board informed Ms. Black that the Executive Director and Towers Perrin, Consulting Actuary coordinate the Actuary assignments until June 30, 2002.

SPECIAL ORDER - ELECTION OF RETIREMENT BOARD OFFICERS (President and Vice-President)

ACTION: It was moved by Commissioner Breall, seconded by Meiberger, to elect Commissioner Casciato as President of the Retirement Board; motion passed by the following vote:
Ayes: 5 - Breall, Casciato, McGoldrick, Meiberger, Wright
Absent: 2 - Driscoll, Martel

It was moved by Commissioner Meiberger, seconded by Casciato to elect Commissioner Martel as Vice-President of the Retirement Board; motion passed by the following vote:
Ayes: 5 - Breall, Casciato, McGoldrick, Meiberger, Wright
Absent: 2 - Driscoll, Martel

MINUTES

Commissioner Casciato requested how Ms. Virginia Barker's revisions would be reflected in today's discussions. Staff informed the Board that the February 5, 2002 minutes would reflect on the cover sheet that the minutes were approved as amended with two amendments and further that the Board received and noted but did not comment on the veracity or formally accept the revisions presented by Ms. Virginia Barker which are available in the permanent records of the March 5, 2002 Board meeting.

It was moved by Commissioner Breall, seconded by Wright to approve the February 5, 2002 minutes as amended by the following amendments Page 5 to add "June 30, 2002" after "until" and on page 10 to reflect "Absent: 2 – Driscoll, Meiberger".

This amendment did not include Ms. Virginia Barker's requested revisions, which are available in the permanent records of the March 5, 2002 Board meeting.

Motion passed by the following vote:

ACTION: Ayes: 4- Breall, Casciato, McGoldrick, Wright
Noes: 1- Meiberger
Absent: 2-Driscoll, Martel

REGULAR CALENDAR

1. APPROVE RECOMMENDATION OF ANNUAL BASIC COST OF LIVING ADJUSTMENT (COLA)

Clare M. Murphy, Executive Director, and Leslie Finertie of Towers Perrin Consulting Actuaries, presented a written and oral report on this item.

The Board reviewed and discussed the COLA recommendation and engaged in a question and answer session.

ACTION: It was moved by Commissioner Meiberger, seconded by Wright, to approve recommendation of Annual Basic Cost of Living Adjustment (COLA); motion passed by the following vote:
Ayes: 5 – Breall, Casciato, McGoldrick, Meiberger, Wright
Absent: 2 – Driscoll, Martel

2. REPORT ON SUPPLEMENTAL COST OF LIVING BENEFIT RESERVE

Clare M. Murphy, Executive Director, and Leslie Finertie of Towers Perrin Consulting Actuaries, presented a written and oral report on this item.

The Board reviewed the report and engaged in a question and answer session with staff.

This was an informational item only, no action taken.

[Supervisor McGoldrick stepped out during the following item]

3. OLD AND ONGOING BUSINESS LIST

Kay Gulbengay, Executive Assistant, presented a written and oral report on this item.

The Board reviewed the status of items on the Old and Ongoing Business List.

ACTION: It was moved by Commissioner Wright, seconded by Breall, to approve the Old and Ongoing Business List; motion passed by the following vote:
Ayes: 4 - Breall, Casciato, Meiberger, Wright
Absent: 3 - Driscoll, Martel, McGoldrick

[Supervisor McGoldrick returned to the meeting during the following item]

4. SAN FRANCISCO DEFERRED COMPENSATION (457) PLAN ANNUAL REPORT
(ING Aetna Financial Services)

ING Aetna Financial Representatives, reviewed with the Board the Deferred Compensation (457) Plan Annual Report providing plan overview, investment options analysis, updates on California Tax Conformity with EGTRAA and updates on the ING integration process.

This was an informational item only, no action taken.

5. REVIEW OF THE INVESTMENT ASSESSMENT PERFORMANCE OF THE SAN FRANCISCO
DEFERRED COMPENSATION (457) PLAN FOR THE PERIOD ENDING DECEMBER 31, 2001

Ramon Polin, KPMG representative, reviewed with the Board the assessment performance of the San Francisco Deferred Compensation (457) Plan for the year ending December 31, 2002. Mr. Polin provided the Board with a summary of items regarding watch list fund candidates and discussed with Board the possibility of adding "lifetime" type funds.

This was an informational item only, no action taken.

6. APPROVE RECISION OF DELEGATION OF TRADING AUTHORITY
RESOLUTION NO. 44 (D)

David Kushner, Deputy Director for Investments, presented a written and oral report on this item.

ACTION: It was moved by Commissioner Breall, seconded by Wright, to approve Recision of Delegation of Trading Authority – Resolution No. 44 (D); motion passed by the following vote:
Ayes: 5 – Breall, Casciato, McGoldrick, Meiberger, Wright
Absent: 2 - Driscoll, Martel

7. BALLOT VOTE – APPROVE ADJUSTMENT OF DISABILITY RETIREMENT ALLOWANCE JAMES A. SMYK – RET. # A3283

Kay Gulbengay, Executive Assistant, presented a written and oral report on this item.

ACTION: The Board, through ballot vote, approved adjustment of disability retirement allowance for James A. Smyk- Ret. #A3283; approval was passed by the following vote:

Ayes: 5 - Breall, Casciato, McGoldrick, Meiberger, Wright

Absent: 2 - Driscoll, Martel

VOTE ON WHETHER TO HOLD A CLOSED SESSION TO CONFER WITH LEGAL COUNSEL

ACTION: It was moved by Commissioner Breall, seconded by Meiberger, to hold a Closed Session to confer with Legal Counsel; motion passed by the following vote:

Ayes: 5 – Breall, Casciato, McGoldrick, Meiberger, Wright

Absent: 2 – Driscoll, Martel

CLOSED SESSION

STARTED 3:01 PM

ENDED 3:15 PM

Present: President Casciato
Commissioner Breall
Commissioner Casciato
Supervisor McGoldrick
Commissioner Meiberger
Clare M. Murphy, Executive Director
Jay Huish, Deputy Director
Kay Gulbengay, Executive Assistant
Dan Maguire, Deputy City Attorney
Owen Clements, Deputy City Attorney

Absent: Commissioner Driscoll
Vice-President Martel

Pursuant to the Ralph M. Brown Act, Government Code Section 54956.9 and the Sunshine Act, San Francisco Administrative Code Section 67.10, the Retirement Board will meet in closed session.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Subdivision (a) of Government Code §54956.9, Administrative Code §67.10

Mason, et al. v. CCSF, et al., San Francisco Superior Court No. 998779
(10/23/98)

Adams, et al. v. the Retirement Board of the CCSF, et al.,
San Francisco Superior Court No. 301634
(3/1/99)

Veteran Police Officers Assn. Et al. v. Retirement Board, et al.
San Francisco Superior Court No. CPF – 02 – 500548

San Francisco City and County Employees' Retirement System v. Kenneth L. Lay, et al.

The Retirement Board reconvened in open session at 3:15 p.m.

- A) Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.14(a).)

ACTION: It was moved by Commissioner Breall, seconded by Wright, not to disclose the discussion held in closed session; motion was passed by the following vote:

Ayes: 5 – Breall, Casciato, McGoldrick, Meiberger, Wright

Absent: 2 – Driscoll, Martel

- B) Report on action taken in closed session. (Government Code section 54957.1 and San Francisco Administrative Code section 67.14(b)(2).

NO ACTION TAKEN

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1A. VOLUNTARY RETIREMENT BOARD LIST NO. 16-01

1B. VOLUNTARY RETIREMENT BOARD LIST NO. 17-01

2. DECISION OF HEARING OFFICER

- a. Oscar D. Ardon
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date:

April 1, 2001

Granted

- | | | | |
|----|---|--------------------|---------|
| b. | Gail Bloom
5290 Transit Planner – Muni
Ordinary Disability Retirement
Effective Date: | April 1, 2001 | Granted |
| c. | David M. Born
1934 Storekeeper – DHS
Ordinary Disability Retirement
Effective Date: | March 13, 2002 | Granted |
| d. | Mark Boyce
2305 Psychiatric Technician – SFGH
Ordinary Disability Retirement
Effective Date: | January 1, 2001 | Granted |
| e. | James Cavellini
H-50 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | October 1, 2001 | Denied |
| f. | Leonard E. De Stefano
H-10 Chief's Aide – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | August 25, 2000 | Granted |
| g. | Fabiola H. Dumpit
2302 Certified Nurse Aide – Laguna Honda
Ordinary Disability Retirement
Effective Date: | November 3, 2001 | Granted |
| h. | Franklin Dunn
H-40 Battalion Chief – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | September 30, 2000 | Granted |
| i. | Michael L. Flaherty
H-1 Paramedic – Fire Dept.
Industrial Disability Retirement
Effective Date: | January 19, 2002 | Granted |
| j. | Araceli G. Fontinilla
2302 Nursing Assistant – Laguna Honda
Ordinary Disability Retirement / Stipulation
Effective Date: | May 1, 2001 | Granted |
| k. | Mary Gibbs
3630 Librarian I – Library Dept.
Ordinary Disability Retirement / Vesting/ Stipulation
Effective Date: | July 21, 2001 | Granted |

- | | | |
|----|--|---------|
| l. | Thaddeus Golas
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: September 1, 2001 | Granted |
| m. | James T. Healy
H-10 Chief's Operator – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: August 5, 2000 | Granted |
| n. | Cobden D. Hitchon
H-20 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: September 26, 2001 | Granted |
| o. | Norma D. Irving
1446 Secretary II – SFUSD
Ordinary Disability Retirement
Effective Date: March 1, 1999 | Denied |
| p. | Todd R. Jackson
6333 Sr. Building Inspector – Bldg. Inspection Dept.
Ordinary Disability Retirement
Effective Date: November 24, 2001 | Granted |
| q. | Henry R. Johnson
2912 Sr. Social Worker – DHS
Ordinary Disability Retirement / Stipulation
Effective Date: May 1, 2001 | Granted |
| r. | Mary Katherine Lauth
8176 Asst. District Attorney – District Attorney
Ordinary Disability Retirement
Effective Date: July 1, 2001 | Granted |
| s. | Dennis McClellan
Q-4 Police Officer – Police Dept.
Industrial Disability Retirement / Stipulation
Effective Date: July 21, 2001 | Granted |
| t. | Richard L. Norris
7381 Auto Mechanic – Muni
Ordinary Disability Retirement
Effective Date: April 1, 2001 | Granted |
| u. | James Porter
Airport Police
PERS | Denied |

- | | | | |
|----|--|-------------------|---------|
| v. | Donald M. Rano
2708 Custodian – SFUSD
Ordinary Disability Retirement
Effective Date: | August 15, 2001 | Granted |
| w. | David R. Rodrigues
0381 Inspector – Police Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | July 28, 1998 | Denied |
| x. | Shirley M. Rohlapp
2302 Orderly – Laguna Honda
Ordinary Disability Retirement
Effective Date: | September 3, 2001 | Granted |
| y. | Michael Ruggiero
7388 Utility Plumber – Water Dept.
Ordinary Disability Retirement
Effective Date: | July 1, 1999 | Granted |
| z. | Douglas A. Shute
7410 Auto Service Worker – PUC
Ordinary Disability Retirement
Effective Date: | August 15, 2001 | Granted |

3. PETITION FOR REHEARING

Claire Mortimer 2328 Nurse Practitioner – SFGH Ordinary Disability Retirement Effective Date:	May 1, 2000	Denied
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4. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

- a. Debra Benton
- b. Manuel Caceres
- c. Donna Calloway
- d. Dorothy Ellis
- e. Rhonda Ford
- f. William Harris
- g. Olga Jerinic

- h. Lynn Q. Maceren
 - i. Glen Porter
 - j. LaDell G. Waller
 - k. Joan Wright
5. REQUEST AUTHORIZATION FOR CLARE M. MURPHY, EXECUTIVE DIRECTOR, TO ATTEND THE WESTERN PENSION & BENEFITS CONFERENCE TO BE HELD ON AUGUST 18-21, 2002 IN SALT LAKE CITY, UTAH
 6. REQUEST AUTHORIZATION FOR DAVID KUSHNER, DEPUTY DIRECTOR FOR INVESTMENTS TO ATTEND THE IMN PUBLIC FUNDS FORUM TO BE HELD ON MAY 5-8, 2002 IN BRASELTON, GA
 7. REQUEST AUTHORIZATION FOR WEN LING CHIN, SECURITY ANALYST, TO ATTEND THE SUMMIT PARTNERS ANNUAL INVESTOR MEETING TO BE HELD ON APRIL 16-18, 2002 IN SAN DIEGO, CA
 8. REQUEST AUTHORIZATION FOR DONALD HOLCHER, SENIOR INVESTMENT OFFICER, TO ATTEND THE RREEF'S RESEARCH/SECURITIES MEETING TO BE HELD ON MARCH 6-8, 2002 IN CARMEL, CA

ACTION: It was moved, by Commissioner Breall, seconded by Meiberger, to approve the Consent Calendar with the addition of a travel request for David Kushner, Deputy Director for Investments to attend the Council of Institutional Investors meeting in Washington, DC on March 24-26, 2002; motion passed by the following vote:
Ayes: 5 – Breall, Casciato, McGoldrick, Meiberger, Wright
Absent: 2 – Driscoll, Martel

Commissioner Breall reviewed with staff and Deputy, City Attorney issues relating to the granting of disability retirement applications in lieu of departments providing light duty work to employees when available. Commissioner Breall suggested that the 911 Communications Center of SFFD could be a work location where injured or disabled firefighters could perform light duty work. He requested the Deputy City Attorney to review these issues and provide an update to the Board.

EXECUTIVE DIRECTOR'S REPORT

1. Ms. Murphy informed the Board that staff had met with the Retiree Association Representatives on February 7, 2002 and discussed various issues. This was their quarterly meeting.
2. Ms. Murphy informed the Board that NorthernTrust is planning a dinner in April. Invitations will be forthcoming.
3. Ms. Murphy updated the Board on the SFUSD payroll processing.

4. Ms. Murphy updated the Board on the Ad Hoc Committee's review of four policies to be presented at the April 2, 2002 Board meeting.
 - a. Board Development Policy
 - b. Monitoring & Reporting Policy
 - c. Executive Director Evaluation Policy
 - d. Service Provider Policy
5. Ms. Murphy informed the Board that Dick Piket, Senior Investment Officer had made an International Diplomacy Council Presentation to representatives of 19 Countries on February 26, 2002. Ms. Murphy and David Kushner, Deputy Director for Investments also participated in the presentation and discussions. Commissioner Meiberger complimented Dick Piket, Senior Investment Officer on his presentation.
6. Ms. Murphy reviewed a memorandum addressed to Department of Public Works addressing SFERS concerns and issues with the City's Plans to relocate SFERS to 525 Golden Gate Avenue. She will continue to provide the Board with updates.
7. Ms. Murphy provided the Board with the Educational Opportunities List.

INVESTMENT CALENDAR

1. APPROVAL OF REAL ESTATE MANAGER INVESTMENT PLANS FOR 2002

Don Holcher, Senior Investment Officer and Micolyn Yalonis of the Townsend Group, presented an oral report to the Board on this item.

The Board reviewed and discussed the Investment Plans for 2002 and engaged in a question and answer session with staff.

ACTION: It was moved by Commissioner Meiberger, seconded by Breall, to approve the Real Estate Manager Investment Plans for 2002; motion passed by the following vote:
Ayes: 5 – Breall, Casciato, McGoldrick, Meiberger, Wright
Absent: 2 – Driscoll, Martel

2. APPROVE RECOMMENDATION TO RETAIN COOPER CONSULTANTS TO CONDUCT A REQUEST FOR PROPOSAL (RFP) FOR A REAL ESTATE CONSULTANT

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the recommendation to retain Cooper Consultants to conduct a Request for Proposal (RFP) for a Real Estate Consultant and engaged in a question and answer session with staff.

ACTION: It was moved by Commissioner Wright, seconded by McGoldrick, to approve recommendation to retain Cooper Consultants to conduct a Request for Proposal (RFP) for a Real Estate Consultant; motion passed by the following vote:
Ayes: 4 - Casciato, McGoldrick, Meiberger, Wright
Noes: 1 - Breall
Absent: 2 - Driscoll, Martel

3. APPROVE REQUEST FOR PROPOSAL (RFP) FOR REAL ESTATE CONSULTANT

David Kushner, Deputy Director for Investments and Don Holcher, Senior Investment Officer, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the RFP for Real Estate Consultant and engaged in a question and answer session with staff.

ACTION: It was moved by Commissioner Meiberger, seconded by Wright to approve Request for Proposal (RFP) for Real Estate Consultant with amendment that Cooper Consultants be able to make appropriate amendments; motion passed by the following vote:
Ayes: 5 - Breall, Casciato, McGoldrick, Meiberger, Wright
Absent: 2 - Driscoll, Martel

[Commissioner Wright left during the following item]

4. REPORT ON THE PERFORMANCE OF THE RETIREMENT FUND FOR THE QUARTER ENDING DECEMBER 31, 2001

David Kushner, Deputy Director for Investments, Richard Pickett, Carl Wilberg, Senior Investment Officers and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the performance report and engaged in a question and answer session with staff.

This was an informational item only, no action taken.

5. RECOMMENDATION OF ALLOCATION OF ASSETS FOR THE PERIOD ENDING MAY 31, 2002

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the recommendation and engaged in a question and answer session with staff.

ACTION: It was moved by Commissioner Breall, seconded by Meiberger, to approve staff's recommendation to make no change to the allocation of assets for the period ending May 31, 2002; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, McGoldrick, Meiberger
Absent: 3 – Driscoll, Martel, Wright

6. REPORT ON BROKERAGE COMMISSIONS GENERATED BY THE RETIREMENT FUND DURING THE QUARTER ENDING DECEMBER 31, 2001

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the report on Brokerage Commissions and engaged in a question and answer session with staff.

This was an informational item only, no action taken.

7. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

a. Proxy Votes

ACTION: The Board unanimously voted to approve the merger of Hewlett Packard and Compaq in line with staff recommendation and ISS SFERS proxy voting service.

b. Investment Portfolio Developments: Recent Developments and Updates – Discussion Only

David Kushner, Deputy Director for Investments provided the Board with the projected funds flows for the six-month period ended 8/31/02 and the three month period ended 5/31/02. The Deputy Director reminded the Board the purpose of this document is to allow the Board an opportunity to become familiar with the fund's cash flows in anticipation of policy development in this area.

Mr. Kushner provided the Board with Charts showing performance of the Dow, S&P 500, Nasdaq Composite and MSCI EAFE for the six-month period ended February 25, 2002.

Mr. Kushner provided changes in the yield curve for the six month period ended February 25, 2002.

Mr. Kushner provided the Board with updates on the status of the Alternative Consultant transition to Pacific Corporate Group, the creation of evaluation criteria for Angeles Investment Advisors, and continuing discussions with Ashmore Investment Management.

Mr. Kushner informed the Board of a "Consultants Forum" to be held March 13 including our 3 consultants, the SIO's, the custodian, the Executive Director and the Deputy Director. The primary purpose of this meeting is to gain all the information necessary for the upcoming asset allocation study, make sure all parties are aware of dates for deliverables, and as time allows to "brainstorm" other issues of interest to the fund.

BOARD MEMBER'S REPORTS

Commissioner Meiberger requested that the selection of the Alternative Investment Consultant be reconsidered at the April 2, 2002 Board meeting. He was informed his request should be made in writing within 30 days of the Board's decision.

David Kushner, Deputy Director for Investments discussed with the Board his concerns regarding the timing of this reconsideration due to the fact that the current contract for Cambridge Associates was extended to March 31, 2002 and there will not be a consultant for the Alternative Investment asset class in the interim.

Mr. Kushner, Deputy Director for Investments, reviewed with the Board discussions with Pacific Corporate Group (PCG) regarding scopes of responsibilities. Mr. Kushner will provide these responsibilities in writing to PCG for their response. PCG will be asked to indicate if they are able to perform and comply with these scopes of responsibilities.

If they are unable to meet certain aspects of responsibilities staff will provide an alternative recommendation to the Board at that time.

Commissioner Meiberger informed the Board that the basis of his request for reconsideration was that both consultants were not present at the February 5, 2002 Board meeting along with additional information which was not available for the meeting.

Commissioner Meiberger inquired, as to whether or not, staff had responded to Gerald Tilton's issues regarding the buy back of military service. Jay Huish, Deputy Director, indicated that staff had provided a written response to him. He will provide a copy of the correspondence to the Board members.

There being no further business, the Board adjourned its meeting at 5:02 PM.

Respectfully submitted,



Clare M. Murphy, Executive Director

Summary of

**Statement to the Board of the San Francisco Employees' Retirement System
By Virginia Barker
March 5, 2002**

**For inclusion in the Retirement Board Minutes, pursuant to the Sunshine
Ordinance of 1999**

If the Board buys the statement that the Sources and Uses document is acceptable, you are inviting the world to sell you the Brooklyn Bridge.

After omitting a major component of cash flow from a sources and uses statement, SFERS management cannot come back later and say "it's just for a limited purpose" and expect to maintain any credibility.

The misleading Sources and Uses statement is but one example of how SFERS decisions are unprofessionally determined, or worse, are determined on political rather than fiduciary grounds.

This organization is at a critical crossroads due to the absence of Actuary Kieran Murphy and the changes you have made to Investment Division management.

If you truly put the beneficiaries' interests first, you will take serious steps to remedy the Retirement System's professional deficiencies. However, if you are more interested in promoting a system of patronage, you will look the other way.



MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

APRIL 2, 2002

12:30 PM

Present: Al Casciato	President
Patricia Martel	Vice-President
William Breall	Commissioner
Jake McGoldrick	Supervisor
Herb Meiburger	Commissioner
Brenda Wright	Commissioner
Absent: Joseph Driscoll *	Commissioner
Clare M. Murphy Retirement System	Executive Director

MINUTES: Minutes of the regular meeting of March 5, 2002 submitted for approval.

ACTION: Approved as amended.

*On Military Leave

RETIREMENT BOARD REGULAR MEETING

APRIL 2, 2002 MINUTES

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedures for the attendees.

Lois Black, Local 790 Shop Steward informed the Board that she would video tape portions of today's meeting.

Barbara Lynch, Cambridge Associates, expressed to the Board that Cambridge Associates has enjoyed their 12 year relationship as the Alternative Investment Consultants for SFERS. She also stated that the reason why representatives were not present at the February 5, 2002 Board meeting for Board's selection process for Alternative Investments Consultant was because they felt it would not be proper to be in attendance during the Board's selection process.

INVESTMENT CALENDAR

1. EDUCATIONAL SESSION ON ASSET ALLOCATION

Leslie Kautz and Michael Rosen from Angeles Investment Advisors, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the educational session and engaged in a question and answer session.

This was an informational item only, no action taken.

REGULAR CALENDAR

1. OLD AND ONGOING BUSINESS LIST

Kay Gulbengay, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the Old and Ongoing Business List and engaged in a question and answer session.

ACTION: It was moved by Commissioner Meiberger, seconded by Martel, to approve the Old and Ongoing Business List; motion passed by the following vote:

Ayes: 6 – Breall, Casciato, Martel, McGoldrick, Meiberger, Wright

Absent: 1 – Driscoll

2. QUARTERLY REPORT ON CONCEPTS AND STATUS OF THE AUTOMATED RETIREMENT SYSTEM

Ron Puff, Information Services Manager, presented a written and oral report on this item.

The Board reviewed the report and engaged in a question and answer session with staff.

This was an informational item only, no action taken.

3. REVIEW OF BENEFIT INTERPRETATION POLICY ACTIVITIES FOR THE FIRST QUARTER OF 2002 AND RECOMMENDATION REGARDING WOOLARD AND WATERFIELD CASES

Maria Newport, Retirement Services Administrator, presented a written and oral report on this item.

The Board requested that responses to the members' inquiries include a contact name and phone number at the Employee Relations Division.

Commissioner Casciato requested staff to provide copies to the Board members of the letters sent to the participants.

Commissioner Martel requested that future Benefit Interpretation Committee reports include a time line for the completion of member's requests.

ACTION: It was moved by Commissioner Wright, seconded by Martel, to approve the recommendation of the Benefit Interpretation Committee regarding Woolard and Waterfield cases; motion passed by the following vote:
Ayes: 5 - Breall, Casciato, Martel, McGoldrick, Wright
Noes: 1 - Meiburger
Absent: 1 - Driscoll

4. REVISION OF AMENDMENT TO SAN FRANCISCO ADMINISTRATIVE CODE SECTION 16.37-1, AN ORDINANCE PROVIDING FOR THE SETTING OF INTEREST RATES FOR RETIREMENT ACCOUNTS

Clare M. Murphy, Executive Director, presented a written and oral report to the Board on this item.

Dale Butler, Local 790, was given the opportunity to review the amended legislation and had no objections to the revised amendment.

ACTION: It was moved by Commissioner Martel, seconded by Wright, to approve the revision of amendment to San Francisco Administrative Code Section 16.37-1; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Martel, McGoldrick, Meiburger, Wright
Absent: 1 - Driscoll

Commissioner Martel requested Supervisor McGoldrick to introduce the amended legislation to the Board of Supervisors.

5. REPORT AND RECOMMENDATION ON AD HOC COMMITTEE POLICIES

- A. Board Development Policy
- B. Monitoring and Reporting Policy
- C. Executive Director's Evaluation Policy
- D. Service Provider Policy

Commissioner Martel reviewed with the Board the process used in developing the four policies for consideration by the Board.

Commissioner Meiberger requested that the language used in the Executive Director Performance Evaluation Policy referring to ... "real or perceived conflicts of interest. Accordingly, consistent with current practice of SFERS, no Board member who is an employee of the SFERS will participate in the process set out in this policy" be deleted from the policy.

City Attorney will review this language and staff will survey other public pension plans as to the process used to evaluate Executive Directors.

Commissioner Meiberger requested revisions be made to the Service Provider Selection Policy by replacing the Executive Director language with the Deputy Director for Investments in recommending investment service providers and replacing Executive Director with City Attorney in recommending fiduciary counsel.

Board members discussed this request and noted that responsibilities for recommending investment service providers are recommended by Deputy Director for Investments under the supervision of the Executive Director.

Gene Baron, Local 21 Retirees, expressed his concern that elected Board members will be unable to participate in the process in evaluating the Executive Director.

Mike McMahon, SFERS member reviewed with the Board State Law Section 31522 stating that the fiduciary responsibilities of Board trustees (members) who are employees of the county takes precedence over all other duties.

ACTION: It was moved by Commissioner McGoldrick, seconded by Breall, to approve the recommended policies; motion passed by the following vote:
Ayes: 5 - Breall, Casciato, Martel, McGoldrick, Wright
Noes: 1 - Meiberger
Absent: 1 - Driscoll

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 18-01

1. VOLUNTARY RETIREMENT BOARD LIST NO. 18-01
2. DECISION OF HEARING OFFICER
 - a. Victoria L. Bates
4231 Sr. Estate Investigator – Aging & Adult Dept.
Ordinary Disability Retirement
Effective Date: January 31, 2002
Granted
 - b. Charles D. Brewer
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date: April 1, 2001
Granted
 - c. Gregory W. Buffin
3214 Sr. Swimming Instructor - Rec & Park
Ordinary Disability Retirement
Effective Date: August 1, 2001
Granted
 - d. Chao S. Cen
2736 Porter – Laguna Honda
Ordinary Disability Retirement/Vesting
Effective Date: October 13, 2001
Granted
 - e. Patricia Dunson
8216 Sr. Parking Control Officer – Parking & Traffic Dept.
Ordinary Disability Retirement
Effective Date: July 1, 2002
Granted
 - f. Joan K. Fitzpatrick
1426 Sr. Clerk Typist – Water Dept.
Ordinary Disability Retirement
Effective Date: July 1, 1998
Granted
 - g. Robert A. Gillaspie, Jr.
Q-4 Police Officer – Police Dept.
Industrial Disability Retirement / Stipulation
Effective Date: May 12, 2001
Granted
 - h. Ryan O. Haynes
7263 Maintenance – Airport
Ordinary Disability Retirement / Stipulation
Effective Date: December 16, 2000
Granted
 - i. Denise Otis
8108 Sr. Legal Process Clerk – Sheriff's Dept.
Ordinary Disability Retirement

Effective Date: May 1, 2001 Denied

- j. Joyce A. Peterson
1450 Executive Secretary – Recreation & Park
Ordinary Disability Retirement
Effective Date: February 16, 2002 Granted

- k. Alfred Silvestri
H-32 Captain – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: July 2, 1998 Denied

- l. Artis Towell
2736 Porter – Laguna Honda
Ordinary Disability Retirement / Vesting
Effective Date: August 1, 2001 Granted

3. PETITION FOR REINSTATEMENT

John L. Lowery
9163 Transit Operator – Muni
Reinstatement Granted

4. PETITION FOR REHEARING

- a. James Porter
Airport Police
PERS Disability Retirement Denied
- b. David R. Rodrigues
0381 Inspector – Police Dept.
Industrial Disability Retirement / Stipulation
Effective Date: July 28, 1998 Denied

5. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

- a. Leticia V. Aguilar
- b. Reginald Davis
- c. James Jackson
- d. Joseph McAndrews
- e. Nita Nakervis
- f. Virginia Ringl

g. Jacqueline Selinger

Commissioner Breall requested that item (2k) be severed for discussion only. Commissioner Breall requested Board members to review the disability retirement application thoroughly. He reiterated the use of "911" Communications Center for light duty for SF Firefighters in lieu of disability retirements.

Commissioner Martel informed the Board that the City will phase out the use uniformed officers at the Communications Center within 2 years. The Communications Center would be staffed by non-uniformed staff.

ACTION: It was moved, by Commissioner Martel, seconded by Wright to approve the Consent Calendar; motion passed by the following vote:
Ayes: 6 – Breall, Casciato, Martel, McGoldrick, Meiburger, Wright
Absent: 1 – Driscoll

EXECUTIVE DIRECTOR'S REPORT

1. Ms. Murphy updated the Board on the SFUSD payroll and the impact of personnel changes at SFUSD.
2. Ms. Murphy informed the Board that there will be a Budget Hearing at the Board of Supervisors on April 9, 2002.
3. Ms. Murphy informed the Board that there will be a Retirement Planning & Savings Fair at CAL PUC Courtyard on May 29, 2002 from 10:00 AM to 2:00 PM.
4. Ms. Murphy updated the Board on the State of California Tax Conformity Bills (EGTRAA).
5. Ms. Murphy updated the Board on the ING Financial Services Daily Asset Charge – Reduction of Breakpoint Level. She also informed the Board on the Notification of Name Change effective May 1, 2002, additional information on AIM Funds, and provided the Enrollment Activity Report for January and February of 2002.

Commissioner Casciato informed the Board that the Ad Hoc Investment Committee for the 457 Deferred Compensation Plan will meet sometime in May.

6. Ms. Murphy provided the Board a copy of the Final Order and Judgement in Favor of City & County and the Retirement Board in the Mason vs. Retirement Board.

INVESTMENT CALENDAR

2. SEMI-ANNUAL REAL ESTATE REVIEW FOR THE PERIOD ENDING DECEMBER 31, 2001

Donald Holcher, Senior Investment Officer and Micolyn Yalonis, Principal of the Townsend Group,

presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Semi-annual Real Estate report and engaged in a question and answer session with staff.

This was an informational item only, no action taken.

3. CONSIDERATION OF COMMISSIONER MEIBERGER'S REQUEST FOR RECONSIDERATION OF APPROVAL OF ALTERNATIVE INVESTMENTS CONSULTANT

Commissioner Casciato informed the Board, that prior to the meeting, he had met with the Executive Director, City Attorney, and the Deputy Director for Investments to address issues relating to the consideration of this matter.

Commissioner Meiburger presented a written and oral report illustrating his reasons for his request for reconsideration of approval of Alternative Investments Consultant.

Commissioner Meiburger requested the City Attorney to file a complaint regarding the misuse of the City seal by Pacific Corporate Group (PCG). He stated that to his knowledge they did not receive permission to use the seal on it's Request for Proposal response.

The Board reviewed Commissioner Meiburger's request and staff input relating to this request.

The Board inquired as to the status of the Board's actions of February 5, 2002 for staff to enter into negotiations with Pacific Corporate Group (PCG). Staff informed the Board that negotiations are ongoing and that the current contract for Cambridge expired March 31, 2002.

Commissioners Martel and Wright expressed their concern regarding Commissioner Meiburger's statements and materials which were distributed to the Board. They viewed these remarks as echoing his opinion and not those of the entire Retirement Board. They indicated that the selection for an Alternative Investments Consultant was a fair and diligent process.

Mike McMahon, Member SFERS and Trustee, San Mateo Retirement County Employees Association Board complimented Commissioner Meiburger on his due diligence efforts in this matter.

Jean Thomas, Retirees Association, spoke in support of Commissioner Meiburger's request for reconsideration.

ACTION: It was moved by Commissioner Meiburger, seconded by McGoldrick to reconsider approval of the Alternative Investment Consultant; motion failed by the following vote:
Ayes: 3 - Casciato, McGoldrick, Meiburger
Noes: 3 - Breall, Martel, Wright
Absent: 1 - Driscoll

4. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

Deputy Director for Investments, David Kushner, provided the Board with the following materials:

- Projected funds flows for the six-month period ended 9/30/02 and the two-month period ended 5/31/02. The Deputy Director reminded the Board the purpose of this document is to allow the Board an opportunity to become familiar with the fund's cash flows in anticipation of policy development in this area.
- Charts showing performance of the Dow, S&P 500, Nasdaq Composite and MSCI EAFE for the six month period ended March 31, 2002.
- Changes in the yield curve for the six-month period ended March 31, 2002.
- The Deputy Director informed the Board that all proxies voted in the past month were voted within established guidelines.
- The Deputy Director informed the Board that, RREEF, one of our largest Real Estate managers, has announced their sale to Deutsche Bank. It is our understanding that Townsend Group will be meeting with representatives of RREEF later this month to assess what if any impact this change in ownership may have.
- The Deputy Director provided the Board with updates on the status of the Alternative Consultant transition to Pacific Corporate Group, the creation of evaluation criteria for Angeles Investment Advisors, and the Real Estate RFP process. The Deputy Director also informed the Board that Ashmore Investment Management has been funded.
- The Deputy Director updated the Board on the "Consultants Forum" held March 13 including our 3 consultants, the SIO's, the custodian, the Executive Director and the Deputy Director. The primary purpose of this meeting was to gain all the information necessary for the upcoming asset allocation study and make sure all parties are aware of dates for deliverables.

BOARD MEMBER'S REPORTS

Commissioner Casciato requested that the Retirement Board meeting be adjourned in memory of Deputy Directory, Jay Huish's mother, Doris Barnum and also in the memory of Jim Kohlwey's mother, Victoria Kohlwey.

VOTE ON WHETHER TO HOLD A CLOSED SESSION TO CONFER WITH LEGAL COUNSEL

ACTION: It was moved by Commissioner Breall, seconded by Martel, to hold a Closed Session to confer with Legal Counsel; motion passed by the following vote:
 Ayes: 6 – Breall, Casciato, Martel, McGoldrick, Meiberger, Wright
 Absent: 1 – Driscoll

CLOSED SESSION

STARTED 5:25 PM

ENDED 5:27 PM

Present: President Casciato
Vice-President Martel
Commissioner Breall
Supervisor McGoldrick
Commissioner Meibarger
Commissioner Wright
Clare M. Murphy, Executive Director
Kay Gulbengay, Executive Assistant
Dan Maguire, Deputy City Attorney

Absent: Commissioner Driscoll

Pursuant to the Ralph M. Brown Act, Government Code Section 54956.9 and the Sunshine Act, San Francisco Administrative Code Section 67.10, the Retirement Board will meet in closed session.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Subdivision (a) of Government Code §54956.9, Administrative Code §67.10

Mason, et al. v. CCSF, et al., San Francisco Superior Court No. 998779
(10/23/98)

Adams, et al. v. the Retirement Board of the CCSF, et al.,
San Francisco Superior Court No. 301634
(3/1/99)

Veteran Police Officers Assn. Et al. v. Retirement Board, et al.
San Francisco Superior Court No. CPF – 02 – 500548

The Retirement Board reconvened in open session at 5:27 p.m.

- A) Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.14(a).)

ACTION: It was moved by Commissioner Breall, seconded by Martel, not to disclose the discussion held in closed session; motion was passed by the following vote:
Ayes: 6 – Breall, Casciato, Martel, McGoldrick, Meibarger, Wright
Absent: 1 – Driscoll

- B) Report on action taken in closed session. (Government Code section 54957.1 and San Francisco Administrative Code section 67.14(b)(2).

NO ACTION TAKEN

There being no further business, the Board adjourned its meeting in memory of Jay Huish's mother, Doris Barnum and in memory of Jim Kohlwey's mother, Victoria Kohlwey at 5:28 PM.

Respectfully submitted,

A handwritten signature in black ink, reading "Clare M. Murphy". The signature is fluid and cursive, with the first name "Clare" and last name "Murphy" clearly legible, and "M." as a middle initial.

Clare M. Murphy, Executive Director



MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

MAY 7, 2002

12:30 PM

Present: Al Casciato

President

William Breall

Commissioner

Herb Meiburger

DOCUMENTS DEPT.

Commissioner

Brenda Wright

JUN 11 2002

Commissioner

Absent: Joseph Driscoll *

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Commissioner

Patricia Martel

Commissioner

Jake McGoldrick

Supervisor

Clare M. Murphy
Retirement System

Executive Director

MINUTES: Minutes of the regular meeting of April 2, 2002 submitted for approval.

ACTION: Approved as amended.

*On Military Leave

RETIREMENT BOARD REGULAR MEETING

MAY 7, 2002 MINUTES

PUBLIC COMMENT

President Al Casciato announced that Pacific Corporate Group (PCG) had withdrawn its proposal for Alternative Investments Consultant.

Item No.7 on the Investment Calendar "Approval of Fee Proposal for Alternative Investments Consultant" was removed from the calendar.

The Board heard public comment from the following individuals:

Andre Spearman, SEIU 790, supported the withdrawal of Pacific Corporate Group's proposal for Alternative Investments Consultant.

Jean Thomas, Local 21 Retirees, supported the withdrawal of Pacific Corporate Group's proposal for Alternative Investments Consultant.

Winchell Hayward, Retired Guild, Local 21 supported the withdrawal of Pacific Corporate Group's proposal for Alternative Investments Consultant.

Bernard Crotty, Employee Retired City Employees, Member of Protect our Benefits supported the withdrawal of Pacific Corporate Group's proposal for Alternative Investments Consultant.

Ken Minkus, President of Field Operations, Local 21 supported the withdrawal of Pacific Corporate Group's proposal for Alternative Investments Consultant.

Kathleen Price, SF Vice President, Local 21, supported the withdrawal of Pacific Corporate Group's proposal for Alternative Investments Consultant.

Carlos Chavez, President, Purchasing Chapter, Local 21 supported the withdrawal of Pacific Corporate Group's proposal for Alternative Investments.

Ron Dicks, Local 21 Vice President, Political Action, supported the withdrawal of Pacific Corporate Group's proposal for Alternative Investments.

Mike Hebel, POA, stated that the POA has not taken a position on this issue. He complimented the Board for job they and the previous Board members have done to increase the Retirement System funding level to provide benefits to its members.

The POA had been monitoring the selection process for Alternative Investments Consultant but will stop doing so with the withdrawal of PCG's proposal.

Commissioner Brenda Wright, Retirement Board reviewed with the Board and members of the public her reasons for selecting Pacific Corporate Group for Alternative Investments Consultant.

Mike McMahon, Member of SFERS expressed his concern over Commissioner Martel's negative statements made to his Chief Executive Officer relating to his appearance at the April 2, 2002 Retirement Board meeting. He informed the Board his attendance at the Retirement Board meeting was as a member of the SFERS not as a Trustee.

Jean Thomas, Local 21 took exception to Board comments and informed the Board that her knowledge of the Alternative Investments Consultant was based on performance information. She stated that one positive thing arising from the issues surrounding the selection of the Alternative Investments Consultant is that people will be more interested in the actions of the Retirement System.

REGULAR CALENDAR

1. OLD AND ONGOING BUSINESS LIST

Kay Gulbengay, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the Old and Ongoing Business List and engaged in a question and answer session.

Clare Murphy, Executive Director, updated the board on the EGTRRA provisions. Changes to the San Francisco Deferred Compensation Plan Document will be brought back to the Board for approval at the June 4, 2002 Board meeting.

Commissioner Meiberger reviewed his request regarding the Analysis for Natural Resources with staff.

ACTION: No action was taken.

2. RETIREMENT SYSTEM TRAVEL EXPENSE REPORT FOR THE PERIOD ENDING MARCH 31, 2002

Clare M. Murphy, Executive Director, presented a written and oral report on this item.

This was an informational item only.

3. APPROVE AMENDMENT TO SAN FRANCISCO ADMINISTRATIVE CODE SECTION 16.61-5, AN ORDINANCE AUTHORIZING THE RETIREMENT SYSTEM TO ACCEPT ROLLOVERS AND TRANSFERS FROM QUALIFIED AND NON QUALIFIED TAX PLANS FOR BUY-BACKS

Kay Gulbengay, Executive Assistant, presented a written and oral report on this item.

The Board reviewed the amendment and engaged in a question and answer session with staff. Commissioner Casciato thanked staff and ING for the efforts in the implementation of the EGTRRA provisions.

ACTION: It was moved by Commissioner Breall, seconded by Wright, to Approve Amendment to San Francisco Administrative Code Section 16.61-5, An Ordinance Authorizing the Retirement System to Accept Rollovers and Transfers from Qualified and Non-Qualified Tax Plans for Buy-Backs; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, Meiberger, Wright
Absent: 3 – Driscoll, Martel, McGoldrick

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 19-01

2. DECISION OF HEARING OFFICER

- | | | | |
|----|--|-----------------|---------|
| a. | Nancy M. Bahnsen
H-33 Captain – Fire Dept.
Industrial Disability Retirement
Effective Date: | May 12, 2001 | Denied |
| b. | Karl B. Bastian
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | August 26, 2000 | Granted |
| c. | John E. Blake
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | June 1, 2001 | Granted |

- | | | | |
|----|--|------------------|---------|
| d. | Lester Chow
7463 Util. Plumb. Appr. – Water Dept.
Ordinary Disability Retirement
Effective Date: | July 28, 2000 | Granted |
| e. | Fred J. Fegan
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | February 5, 2002 | Granted |
| f. | James B. Hall
Q62M Lieutenant – Police Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | February 5, 2001 | Granted |
| g. | Rudolph G. Labrado
H-30 Captain – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | July 7, 2001 | Granted |
| h. | Robert M. Molinari
H-30 Captain – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | March 15, 2001 | Granted |
| i. | Larry S. Nichols
9122 Transit Info. Clerk – Muni
Ordinary Disability Retirement
Effective Date: | June 1, 2001 | Granted |
| j. | Heather V. Peters
7376 Sheet Metal Worker – DPW
Ordinary Disability Retirement
Effective Date: | October 1, 2001 | Granted |
| k. | Olivette M. Rose
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date: | November 1, 2001 | Granted |
| l. | Ramadevi Sunkara
1404 Clerk – Parking & Traffic
Ordinary Disability Retirement
Effective Date: | October 1, 2001 | Granted |

- m. James G. Thompson
7410 Auto Service Worker – Muni
Ordinary Disability Retirement / Stipulation
Effective Date: October 1, 2001 Granted

- n. Lawrence J. Wright
H-24 Lieutenant – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: December 30, 2000 Granted

- o. Oscar A. Zepeda
1630 Account Clerk – PUC
Ordinary Disability Retirement
Effective Date: November 1, 2001 Granted

3. PETITION FOR REHEARING

- a. Gail L. Barrett
Q-3 Police Officer – Police Dept.
Industrial Disability Retirement
Effective Date: December 1, 2001 Denied

- b. James Cavellini
H-50 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: October 1, 2001 Denied

4. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

- a. Michael J. Bufka
- b. Renee Craig
- c. Theodore Davis
- d. Richard A. Fonseca
- e. Timothy Jack
- f. Romero A. Laster
- g. LaVerne Lockett
- h. Vernon L. Pierson, II
- i. Angelito Ramos

- j. Dion Roberts
 - k. Kathryn Thompson
 - l. Robert A. Toutjian
5. REQUEST AUTHORIZATION FOR DONALD HOLCHER, SENIOR INVESTMENT OFFICER, TO ATTEND THE GMAC ANNUAL INVESTOR CONFERENCE AND PARTNERS MEETING TO BE HELD ON MAY 13-15, 2002, AT HILTON HEAD, SOUTH CAROLINA
 6. REQUEST AUTHORIZATION FOR RICHARD PIKET, SENIOR INVESTMENT OFFICER, TO ATTEND THE NORTHERN TRUST ANNUAL CLIENT CONFERENCE TO BE HELD ON JUNE 12-14, 2002 IN CHICAGO, IL
 7. REQUEST AUTHORIZATION FOR WEN LING CHIN, SECURITY ANALYST, TO ATTEND THE H & Q ASIA PACIFIC ANNUAL MEETING TO BE HELD ON JUNE 9-11, 2002 IN SANTA BARBARA, CA
 8. REQUEST AUTHORIZATION FOR GLEN SCHWARTZ, SENIOR INVESTMENT OFFICER TO ATTEND THE CSFB / DLJ MERCHANT BANKING PARTNERS ANNUAL MEETING TO BE HELD ON MAY 21-24, 2002 IN OLD GREENWICH, CT

Commissioner Breall requested that items 2b, 2c, 2g, 2h and 2n be severed and heard separately.

ACTION: It was moved by Commissioner Breall, seconded by Wright to approve the Consent Calendar without 2b, 2c, 2g, 2h, and 2n; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, Meiberger, Wright
Absent: 3 – Driscoll, Martel, McGoldrick

Commissioner Breall reviewed these disability retirement decisions with the Board and indicated he would not approve these decisions. The Board reviewed these decisions with Deputy City Attorney and after discussions, Commissioner Breall, withdrew his request and made a motion to approve the hearing officer's decisions.

It was moved by Commissioner Breall, seconded by Meiberger, to approve items 2b, 2c, 2g, 2h, and 2n; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, Meiberger, Wright
Absent: 3 – Driscoll, Martel, Meiberger

EXECUTIVE DIRECTOR'S REPORT

1. Ms. Murphy updated the Board on SFUSD Payroll issues.
2. Ms. Murphy updated the Board on the City Budget meeting of April 9, 2002.

At this meeting SFERS presented a written statement regarding the SFERS Budget as requested by the Chair, of the Finance Committee, of the Board of Supervisors.

Commissioner Meiberger spoke as a member of the public and requested that a portion of the SFERS Investment Division Professional Services budget for Cortex Applied Research be deleted. The Board was provided a copy of materials distributed by Commissioner Meiberger at the meeting.

Board held a discussion with Dan Maguire, Deputy City Attorney on the roles of Board members who attend other meetings and speak on behalf of the entire Board.

Commissioner Meiberger stated that he was not speaking on behalf of the Retirement Board but as the minority view of the Board.

Commissioner Wright requested the City Attorney to review and prepare an opinion as to the role of a Board member, and use of SFERS stationary to prepare private statements of Board members for distribution.

3. Ms. Murphy informed the Board that the Ordinance for the setting of Interest Rates for Retirements Accounts was finally passed by the Board of Supervisors and awaits the Mayor's signature. Retirement Board will review this item at the June 4, 2002 Board meeting.
4. Ms. Murphy updated the Board on the EGTRAA provisions. She informed the Board that the changes to the San Francisco Deferred Compensation Plan will be calendared at the June 4, 2002 Board meeting.
5. Ms. Murphy informed the Board that she and staff had held the quarterly meeting with representatives of Retiree Organizations. This meeting focused on the newly passed Propositions B & E and the July COLAS.
6. Ms. Murphy informed the Board that the City has suspended all work on the San Francisco Administration Office Building at 525 Golden Gate Avenue.
7. Commissioner Casciato requested staff to contact representatives of the City's Human Resources Department and Health Service System to review the possibility of a "one stop shopping center" for members to make changes in addresses, beneficiaries and other services. He noted the attendance of Ms. Breslin, President of the Health Services Commission at the meeting.

8. Ms. Murphy provided the Board ING monthly updates.
9. Ms. Murphy reminded the Board of the CALAPRS Trustees' Roundtable June 7, 2002. Commissioner Meiberger requested to attend. Commissioner Casciato also requested to attend and asked that this item be on the consent Calendar for the June 4, 2002 meeting. Commissioner Casciato requested a letter be sent to his Department regarding release of work time to attend.
10. Ms. Murphy provided the Educational Opportunity List to the Board members.
11. Ms. Murphy informed the Board that the Police and Fire Chief's Colas would be paid in the May pension checks.
12. Ms. Murphy informed the Board a cost analysis of the Charter Amendment for Police and Fire 3% at 55 was submitted to the Board of Supervisors. A proposed charter amendment relating to paid parental leave is in the drafting stage.

Dan Maguire, Deputy City Attorney informed the Board the Charter Amendment to delete no cost language from PERS section of the Charter has not been submitted. Commissioner Casciato requested the Executive Director to provide the above information to John Hanley, President, Firefighters Union

INVESTMENT CALENDAR

1. ASSET LIABILITY ANALYSIS – CAPITAL MARKET ASSUMPTIONS

Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Asset Liability Analysis and engaged in a question and answer session with staff.

This was an informational item only, no action taken.

2. APPROVAL OF PROPOSAL TO RETAIN COOPER CONSULTANTS FOR CREATION OF PERFORMANCE EVALUATION CRITERIA FOR ALTERNATIVE INVESTMENTS CONSULTANT

David Kushner, Deputy Director for Investments, and Jennifer Cooper of Cooper Consultants, presented a written and oral report to the Board on this item.

Commissioner Meiberger requested to delete reference to PCG to Alternative Investments Consultants Evaluation Criteria.

ACTION: It was moved by Commissioner Breall, seconded by Wright to Retain Cooper Consultants for Creation of Performance Evaluation Criteria for Alternative Investments Consultant; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, Meiberger, Wright
Absent: 3 – Driscoll, Martel, McGoldrick

3. APPROVAL OF PROPOSAL TO RETAIN COOPER CONSULTANT TO FACILITATE YEAR END CONSULTANT EVALUATION

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

The Board reviewed the Proposal and engaged in a question and answer session with staff.

ACTION: It was moved by Commissioner Breall, Seconded by Wright to approve Proposal to Retain Cooper Consultants to Facilitate Year End Consultant Evaluation; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, Meiberger, Wright
Absent: 3 – Driscoll, Martel, McGoldrick

4. APPROVAL OF RECOMMENDATION FOR EVALUATION CRITERIA FOR GENERAL CONSULTANT

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

ACTION: It was moved by Commissioner Breall, seconded by Wright, to approve Recommendation for Evaluation Criteria for General Consultant; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, Meiberger, Wright
Absent: 3 – Driscoll, Martel, McGoldrick

5. APPROVAL OF RECOMMENDATION FOR REAL ESTATE CONSULTANT

David Kushner, Deputy Director for Investments, Donald Holcher, Senior Investment Officer, and Jennifer Cooper of Cooper Consultants, presented a written and oral report to the Board on this item.

The Board reviewed the recommendation and engaged in a question and answer session with staff.

Cooper Consultants to review with Townsend Associates the concerns expressed by Board members during the search process.

Jennifer Cooper introduced internal staff of Cooper Consultants, Michael Robbie and Kim Navarro.

ACTION: It was moved by Breall, seconded by Meiberger to approve recommendation for Real Estate Consultant; motion passed by the following vote:

Ayes: 4 – Breall, Casciato, Meiberger, Wright

Absent: 3 – Driscoll, Martel, McGoldrick

6. APPROVAL OF MANAGER MONITORING AND RETENTION POLICY FOR PUBLIC MARKETS MANAGERS

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on this item.

The Board reviewed the proposal and engaged in a question and answer session with staff.

ACTION: It was moved by Breall, seconded by Wright to accept Approval of Manager Monitoring and Retention Policy for Public Markets Managers; motion passed by the following vote:

Ayes: 4 – Breall, Casciato, Meiberger, Wright

Absent: 3 – Driscoll, Martel, McGoldrick

7. APPROVAL OF FEE PROPOSAL FOR ALTERNATIVE INVESTMENTS CONSULTANT

This item was removed from the Calendar.

8. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

Deputy Director for Investments, David Kushner, provided the Board with the following information:

The Deputy Director for Investments (DDI) informed the Board that as of April 30, the plan value is approximately \$10.8 billion, and noted that cash is approximately \$33 million. The DDI reminded the Board that the purpose of providing this information is to help the Board be more familiar with the Fund's cash needs when a recommendation for a "Cash Policy" is brought before the Board at either the June or July Board meetings. If the cash drops below \$30 million, the DDI will sell the most overweight liquid asset class to raise the balance back to \$50 million. The DDI also provided charts showing the six-month performance of equity indices and the yield curve.

The DDI reported that there have been no proxies voted outside our guidelines in the past month. Regarding Corporate Actions, the DDI provided updates regarding two of our

managers. First, Townsend met with RREEF, our largest Real Estate manager, to discuss the impact of the pending purchase of RREEF by Deutsche Bank. Townsend has recommended approval of the contract assignment.

On April 23rd, Conning Asset Management completed a commercial loan mortgage securitization utilizing loans originated on behalf of SFERS. This is the third such securitization, the first completed in March of 1998 and the second in July of 1999. The most recent deal involved utilizing approximately \$143.4 million of SFERS commercial loans combined with \$64.9 million of loans from the Conning Mortgage Investment Trust to collateralize a \$170.8 million CMBS offering.

The Deputy Director then updated the Board on three investments the Board originally approved last year. Completion of these investments was delayed pending the Asset Allocation study. The DDI informed the Board that it does not appear that the subasset classes for these three investments will be reduced. As all three of these subasset classes are currently underweight their targets, and the partnerships are rapidly approaching the final closing dates, the staff is planning to move ahead with these commitments.

BOARD MEMBER'S REPORTS

Commissioner Meiberger provided the Board materials and updated them on his attendance at the Institutional Investor Institute Workshop for Public Fund Trustees.

Commissioner Meiberger expressed the need for Board Member's to remain professional towards each other even though there are differences of opinions.

Board members held a discussion in response to Commissioner Meiberger's statement.

Commissioner Casciato discussed issues which might be calendared at future meetings:

1. Board Secretary
2. Actuary
3. Board Rules / Resolutions
4. Gilmore Procedures
5. CALAPRS Trustees Roundtable and request for work release letter to Chief Fred Lau and Asst. Chief Earl Saunders

Commissioner Casciato adjourned the meeting in memory of Nazario Putulin, DTIS employee.

VOTE ON WHETHER TO HOLD A CLOSED SESSION TO CONFER WITH LEGAL COUNSEL

ACTION: It was moved by Commissioner Breall, seconded by Wright, to hold a Closed Session to confer with Legal Counsel; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, Meiberger, Wright
Absent: 3 – Driscoll, Martel, McGoldrick

CLOSED SESSION

STARTED 3:45 PM

ENDED 3:52 PM

Present: President Casciato
Commissioner Breall
Commissioner Meiberger
Commissioner Wright
Clare M. Murphy, Executive Director
Jay Huish, Deputy Director
Kay Gulbengay, Executive Assistant
Dan Maguire, Deputy City Attorney

Absent: Commissioner Driscoll
Commissioner Martel
Supervisor McGoldrick

Pursuant to the Ralph M. Brown Act, Government Code Section 54956.9 and the Sunshine Act, San Francisco Administrative Code Section 67.10, the Retirement Board will meet in closed session.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Subdivision (a) of Government Code §54956.9, Administrative Code §67.10

Mason, et al. v. CCSF, et al., San Francisco Superior Court No. 998779
(10/23/98)

Adams, et al. v. the Retirement Board of the CCSF, et al.,
San Francisco Superior Court No. 301634
(3/1/99)

The Retirement Board reconvened in open session at 3:53 p.m.

- A) Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.14(a).)

ACTION: It was moved by Commissioner Breall, seconded by Meiberger, to disclose part of the Board's discussion held in closed session; motion was passed by the following vote:

Ayes: 4 – Breall, Casciato, Meiberger, Wright

Absent: 3 – Driscoll, Martel, McGoldrick

- B) Report on action taken in closed session. (Government Code section 54957.1 and San Francisco Administrative Code section 67.14(b)(2).

The Board reported that they voted to accept the Hearing Officer's Decision regarding to the George Stasko, II (SFPD – Deceased) and not to disclose any other issues discussed in Closed Session.

There being no further business, the Board adjourned its meeting in memory of Nazario Putulin, DTIS employee.

Respectfully submitted,

A handwritten signature in cursive script, reading "Clare M. Murphy".

Clare M. Murphy, Executive Director

855
3
4/02



MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

JUNE 4, 2002

12:30 PM

Present:	Al Casciato	President
	Patricia Martel	Vice-President
	William Breall	Commissioner
	Jake McGoldrick	Commissioner
	Herb Meiberger	Commissioner
Absent:	Joseph Driscoll *	Commissioner
	Brenda Wright	Commissioner
	Clare M. Murphy Retirement System	Executive Director

MINUTES: Minutes of the regular meeting of May 7, 2002 submitted for approval.

ACTION: Approved as amended.

*On Military Leave

RETIREMENT BOARD REGULAR MEETING

JUNE 4, 2002 MINUTES

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedures for the attendees.

Kathleen Price, Local 21 spoke regarding the recommendation of selection of the Alternative Investment Consultant (Item #6 Investment Calendar) and expressed her concern that the new proposal for an Alternative Consultant's contract was only for a year. She requested that the Retirement Board meetings be held in the early evening hours so that members would be able to attend. She took exception to remarks made by Board members at the May 7, 2002 Board meeting.

Carlos Chavez, Sr. Purchaser expressed his concern to the staff recommendation regarding the recommendation of staff for selection of the Alternate Investments Consultant (Item #6 Investment Calendar)

Lois Black, Local 790 Chief Shop Steward, Civic Center Area and Member, read a statement regarding the status of the Actuary Position and other positions in the Retirement staff. She asked the Board when an executive search for a new Actuary start in earnest.

Steve Solnit, Local 21, requested the Board to renew the Cambridge Associates contract as Alternative Investments Consultant and that the next selection process be a stricter one.

REGULAR CALENDAR

[Regular Calendar Heard out of Order]

2. REPORT ON CREDITED INTEREST RATE ISSUE

Leslie Finertie, Towers Perrin, presented a written and oral report on this item.

Dale Butler, SEIU Local 790, requested the Board to review this matter in September rather than December. Staff informed Mr. Butler that the Plan provisions provided for an annual review in July going forward.

This was an informational item only.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 20-01

2. DECISION OF HEARING OFFICER

- a. Gerald R. Bland
8306 Sr. Deputy Sheriff – Sheriff Dept.
PERS Industrial Disability Retirement
Granted
- b. Maria M. Cabrera
2736 Porter – DPH
Ordinary Disability Retirement
Effective Date: October 1, 2001
Granted
- c. Josie Ewing
2634 Cook Manager – SFUSD
Ordinary Disability Retirement
Effective Date: November 8, 2000
Granted
- d. Daniel S. Foley
0382 Inspector – Police Dept.
Industrial Disability Retirement / Stipulation
Effective Date: July 7, 2001
Granted
- e. Kevin Garry
H-20 Lieutenant – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: May 12, 2001
Granted
- f. John F. Hildermann
H-10 Chiefs Operator – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: July 7, 2001
Granted
- g. Janet Y. Hui
1426 Sr. Clerk Typist – DHS
Ordinary Disability Retirement
Effective Date: March 16, 2002
Granted
- h. Daniel N. Miller
H-30 Captain – Fire Dept.

Industrial Disability Retirement / Stipulation

Effective Date: September 22, 2001

Granted

- i. Dolores Y. Red
1454 Executive Secretary III – PUC
Ordinary Disability Retirement / Stipulation

Effective Date: March 2, 2002

Granted

- j. Donna Sophus
1426 Senior Clerk Typist – DHS
Ordinary Disability Retirement

Effective Date: May 1, 1999

Granted

3. DISMISSAL OF ORDINARY DISABILITY RETIREMENT APPLICATION

- a. Michael L. Smith
- b. David Zimmerman

4. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

- a. Nonie Inyang
- b. Siddiq Jihad
- c. Minyon McGriff
- d. Melvin Moses
- e. Anthony Ramos
- f. Ronald Steele

5. REQUEST AUTHORIZATION FOR COMMISSIONER CASCIATO AND MEIBERGER, AND ANY OTHER BOARD MEMBER, TO ATTEND THE CALAPRS TRUSTEES ROUNDTABLE, TO BE HELD ON JUNE 7, 2002 IN SAN JOSE, CA

It was requested by Commissioner Breall to sever item no. 2a from the Consent Calendar and considered separately.

ACTION: It was moved by Commissioner Martel, seconded by Breall to sever item no. 2a from the Consent Calendar and considered separately; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, Martel, Meiberger
Absent: 3 – Driscoll, McGoldrick, Wright

INVESTMENT CALENDAR

[Supervisor McGoldrick arrived during the following item]

1. ASSET LIABILITY ANALYSIS REPORT AND STRATEGIC ASSET ALLOCATION RECOMMENDATION

David Kushner, Deputy Director for Investments and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the report and recommendation regarding the asset liability analysis and engaged in a question and answer session.

ACTION: It was moved by Commissioner Meiberger, seconded by Martel to approve the report and recommendation regarding the asset liability analysis and asset allocation; motion passed by the following vote:

Ayes: 5 – Breall, Casciato, Martel, McGoldrick, Meiberger

Absent: 2 – Driscoll, Wright

2. REPORT ON THE PERFORMANCE OF THE RETIREMENT FUND FOR THE QUARTER ENDING 3/31/02

Leslie Kautz, Angeles Investment Advisors, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the report and engaged in a question and answer session.

This was an informational item only, no action taken.

3. RECOMMENDATION FOR TERMINATION OF JP MORGAN INVESTMENT MANAGEMENT AND REALLOCATION OF ASSETS TO INTERNAL S&P INDEX FUND

Leslie Kautz, Angeles Investment Advisors, David Kushner, Deputy Director for Investments, and Carl Wilberg, Senior Investment Officer - Equities, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the report and engaged in a question and answer session.

ACTION: It was moved by Commissioner Meiberger, seconded by Martel to approve the recommendation for termination of JP Morgan Investment Management and reallocation of assets to the Internal S&P Index Fund; motion passed by the following vote:

Ayes: 5 – Breall, Casciato, Martel, McGoldrick, Meiberger

Absent: 2 – Driscoll, Wright

4. RECOMMENDATION FOR ALLOCATION OF ASSETS FOR THE PERIOD ENDING AUGUST 31, 2002

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the recommendation for allocation of assets and engaged in a question and answer session.

ACTION: It was moved by Commissioner Meiberger, seconded by Martel to approve the recommendation for termination of JP Morgan Investment Management and reallocation of assets to internal S&P Index Fund; motion passed by the following vote:

Ayes: 5 – Breall, Casciato, Martel, McGoldrick, Meiberger

Absent: 2 – Driscoll, Wright

5. REPORT ON BROKERAGE COMMISSIONS GENERATED BY THE RETIREMENT FUND DURING THE QUARTER ENDING MARCH 31, 2002

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

The Board reviewed the report and engaged in a question and answer session with staff.

This was an informational item only, no action taken.

[Commissioner Martel left after this item]

6. REPORT ON OPTIONS AND RECOMMENDATION FOR SELECTION OF ALTERNATIVE INVESTMENTS CONSULTANT

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

The Board reviewed the proposal and engaged in a question and answer session with staff and authorized staff to negotiate with Cambridge Associates to serve as Alternative Investments Consultant and the terms to be consistent with the Request for Proposal for the period 7/1/02 – 6/30/03.

Dale Butler, Local 790 SEIU, requested that the Cambridge Associates contract be for a period of 3 years.

Winchell Hayward, Local 21 Retirees, requested that staff be authorized to negotiate with Cambridge Associates for a contract longer than one year.

Jean Thomas, Retired Employees expressed her concern that a vendor had been replaced due to non-performance and the non-performance reasons were not stated.

ACTION: It was moved by Commissioner McGoldrick, seconded by Breall to approve report on options and recommendation for selection of Alternative Investments Consultant; motion passed by the following vote:

Ayes: 4 – Breall, Casciato, Martel, McGoldrick

Noes: 1 – Meiberger

Absent: 2 – Driscoll, Wright

7. SEMI ANNUAL ALTERNATIVE INVESTMENT PERFORMANCE REVIEW AS OF DECEMBER 31, 2001

Glen Schwartz, Senior Investment Officer, and Wen Ling Chin, Security Analyst, presented a written and oral report to the Board on this item.

This was an information item only, no action taken.

8. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

Deputy Director for Investments (DDI), David Kushner, provided the Board with the following information:

As of May 31, the plan value is approximately \$10.7 billion, and noted that cash is approximately \$29 million. The DDI also provided charts showing the six-month performance of equity indices and the yield curve.

The DDI reported that there have been no proxies voted outside our guidelines in the past month, and there are no corporate actions we are aware of which need to be reported to the Board.

REGULAR CALENDAR (CONTINUED)

Consent Calendar item no. 2a.

ACTION: It was moved by Commissioner Breall seconded, by Meiberger to approve Consent Calendar item no. 2a; motion passed by the following vote:

Ayes: 4 – Breall, Casciato, McGoldrick, Meiberger

Absent: 3 – Driscoll, Martel, Wright

1. OLD AND ONGOING BUSINESS LIST

Kay Gulbengay, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the Old and Ongoing Business List and engaged in a question and answer session.

ACTION: It was moved by Commissioner Meiberger, seconded by McGoldrick to approve the Old and Ongoing Business List; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, McGoldrick, Meiberger
Absent: 3 – Driscoll, Martel, Wright

3. APPROVAL OF AMENDMENTS TO THE SAN FRANCISCO DEFERRED COMPENSATION 457 PLAN DOCUMENT

Kay Gulbengay, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the amendments to the San Francisco Deferred Compensation 457 Plan Document.

ACTION: It was moved by Commissioner McGoldrick, seconded by Meiberger to approve the Amendments to the San Francisco Deferred Compensation 457 Plan Document; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, McGoldrick, Meiberger,
Absent: 3 – Driscoll, Martel, Wright

4. REQUEST TO ENCLOSE SAN FRANCISCO AIRPORT PARKING COUPON DISCOUNTS FOR CCSF RETIREES IN THE JULY RETIREMENT ALLOWANCES

Jay Huish, Deputy Director, presented a written and oral report on this item.

ACTION: It was moved by Commissioner Breall, seconded by McGoldrick, to approve the request to enclose San Francisco Airport Parking Coupon Discounts for CCSF Retirees in the July Retirement Allowances; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, McGoldrick, Meiberger,
Absent: 3 – Driscoll, Martel, Wright

5. RESOLUTION COMMENDING LES WIN ON THE OCCASION OF HIS RETIREMENT

Clare M. Murphy, Executive Director, presented a written and oral report on this item.

ACTION: It was moved by Commissioner Breall, seconded by Meiberger, to approve the Resolution Commending Les Win on the Occasion of his Retirement; motion passed by the following vote:

Ayes: 4 – Breall, Casciato, McGoldrick, Meiberger,
Absent: 3 – Driscoll, Martel, Wright

6. RESOLUTION COMMENDING SHIRLEY THAM ON THE OCCASION OF HER RETIREMENT

Clare M. Murphy, Executive Director, presented a written and oral report on this item.

ACTION: It was moved by Commissioner Breall, seconded by Meiberger, to approve the Resolution Commending Shirley Tham, on the Occasion of her Retirement; motion passed by the following vote:

Ayes: 4 – Breall, Casciato, McGoldrick, Meiberger,
Absent: 3 – Driscoll, Martel, Wright

7. RESOLUTION COMMENDING BETTY BERNSTEIN, SOCIAL SECURITY FIELD REPRESENTATIVE, ON THE OCCASION OF HER RETIREMENT

Clare M. Murphy, Executive Director, will present a written and oral report on this item.

ACTION: It was moved by Commissioner Breall, seconded by Meiberger, to approve the Resolution Commending Betty Bernstein on the Occasion of her Retirement; motion passed by the following vote:

Ayes: 4 – Breall, Casciato, McGoldrick, Meiberger,
Absent: 3 – Driscoll, Martel, Wright

BOARD MEMBER'S REPORTS

1. Commissioner Casciato announced that the Retirees' Annual Luncheon will be on June 12, 2002 at the United Irish Cultural Center.
2. Commissioner Casciato informed the Board that the status of the Actuary position would be calendared for review on July 2, 2002 Board meeting.
3. Commissioner Casciato thanked Lois Black for video taping the Board meetings.
4. Commissioner Meiberger requested an update on the status of the Actuary position.

NO CLOSED SESSION HELD

EXECUTIVE DIRECTOR'S REPORT

1. Ms. Murphy updated the Board on SFUSD Payroll issues.
2. Ms. Murphy informed the Board that the Clements v. Oechsle Case had been appealed.
3. Ms. Murphy updated the Board on the ING issues.
4. Ms. Murphy provided the Board with the Educational Opportunities List.
5. Ms. Murphy informed the Board that Administrative Code Section 16.61-5 Regarding Transfers was finally passed by the Board of Supervisors.
6. Ms. Murphy updated the Board on the budget issues.
7. Ms. Murphy reviewed with the Board issues regarding the Actuarial Contract for 2002-03.
8. Ms. Murphy informed the Board about Proposed Charter Amendments for the November 2002 Election.
9. Ms. Murphy extended an Invitation to the Board to attend the Retirement Luncheon for Les Win and Shirley Tham on June 14, 2002.

There being no further business, the Board adjourned its meeting at 4:20 PM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Clare M. Murphy". The signature is fluid and cursive, with the first name "Clare" and last name "Murphy" clearly distinguishable.

Clare M. Murphy, Executive Director



MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

JULY 2, 2002

12:30 PM

Present:	Al Casciato	President
	Patricia Martel	Vice-President
	William Breall	Commissioner
	Jake McGoldrick	Supervisor
	Herb Meiberger	Commissioner
	Brenda Wright	Commissioner
Absent:	Joseph Driscoll *	Commissioner
	Clare M. Murphy	Executive Director Retirement System

* On Military Leave

RETIREMENT BOARD REGULAR MEETING

JULY 2, 2002 MINUTES

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedures for the attendees.

Lois Black, Local 790 Chief Shop Steward, Civic Center Area and Member, read a statement regarding the status of the Actuary Position and asked the Board to commence a search for a new Actuary as soon as possible. Ms. Black urged the Board adopt a Credited Interest Rate of 8.25% effective July 1, 2003.

MINUTES: Minutes of the regular meeting of June 4, 2002 submitted for approval.

ACTION: Approved as presented.

REGULAR CALENDAR

1. OLD AND ONGOING BUSINESS LIST

Clare Murphy, Executive Director, presented a written and oral report on this item.

The Board reviewed and discussed the Old and Ongoing Business List and engaged in a question and answer session. Commissioner Casciato recommended that, at its August 6, 2002 Board meeting, the Board consider adopting a policy for Board and staff use of the Old and Ongoing Business List which would include procedures for placing issues on the List, setting of priorities and guidelines for staff work product and responses. Commissioner Meiberger again requested a staff response to his 11/13/01 letter regarding natural resources (page 6 of the Old and Ongoing Business List).

ACTION: It was moved by Commissioner Meiberger, seconded by Wright to approve the Old and Ongoing Business List as presented; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, Meiberger, Wright
Absent: 3 – Driscoll, Martel, McGoldrick

2. APPROVAL OF QUALIFIED OUTSIDE COUNSEL LIST

Jay Huish, Deputy Director, Clare Murphy, Executive Director, and Dan Maguire, Deputy City Attorney, presented a written and oral report on this item.

The Board reviewed and discussed the Qualified Outside Counsel List and engaged in a question and answer session.

ACTION: It was moved by Commissioner Breall, seconded by Meiberger to approve the Qualified Outside Counsel List as presented; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, Meiberger, Wright
Absent: 3 – Driscoll, Martel, McGoldrick

3. APPROVAL OF CONSULTING ACTUARY CONTRACT FOR 2002-2003

Clare Murphy, Executive Director, presented a written and oral report on this item. Ms. Murphy updated the Board regarding the agreement between the parties of a \$10 million limitation of liability provision in the proposed contract.

The Board reviewed and discussed the contract and engaged in a question and answer session.

ACTION: It was moved by Commissioner Breall, seconded by Meiberger to approve the Consulting Actuary Contract for 2002-2003; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, Meiberger, Wright
Absent: 3 – Driscoll, Martel, McGoldrick

4. UPDATE AND DISCUSSION REGARDING KIERAN MURPHY, ACTUARY

Commissioner Casciato reported that the Board was declaring the Actuary position vacant as of June 30, 2002 and the Board's Personnel Committee would be meeting to determine how to proceed with the vacancy.

Commissioner Meiberger requested that the Board recognize Kieran Murphy for a job well done and adjourn this Board meeting in his memory.

This was an informational item only.

[The Consent Calendar, Executive Director's Report and Item 2 of the Investment Calendar - Deputy Director for Investments Report were heard out of Calendar Order]

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 1-02
2. DECISION OF HEARING OFFICER
 - a. Herbert L. Butler
9139 Transit Supervisor – Muni
Ordinary Disability Retirement
Effective Retirement Date: May 1, 2001
Granted
 - b. Christine Curran
8238 Dispatcher – Emergency Communications
Ordinary Disability Retirement
Effective Date: August 4, 2001
Granted
 - c. Maria Del Negro (Dependent Child)
Dorothy Del Negro (Deceased) – Survivor of Benjamin Del Negro (Firefighter)
Dependent Child Application
Effective Date: November 24, 2001
Granted
 - d. William D. Dickerson
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: April 11, 2001
Granted
 - e. James B. Edwards
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: October 11, 2001
Granted
 - f. Elsie B. Frederick
2302 Nursing Aide – DPH
Service Retirement / Ordinary Disability Retirement
Effective Date: October 1, 2001
Granted
 - g. Arthur A. Giovana
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: May 5, 2001
Granted
 - h. Robert Hantzsche
7210 Mobile Equipment Sup. – DPW
Ordinary Disability Retirement / Vesting
Effective Date: November 8, 2000
Granted
 - i. Frank J. Harrington
Q-62 Inspector III – Police Dept.
Industrial Disability Retirement / Stipulation

Effective Date: July 7, 2001 Granted

- j. Ronald Jackson
8214 Parking Control Officer – Parking & Traffic
Ordinary Disability Retirement
Effective Date: December 1, 2000 Granted
- k. Myrna R. Montero
1636 Billing Clerk – SFGH
Ordinary Disability Retirement / Vesting
Effective Date: August 1, 2001 Denied
- l. Cheryl A. Robinson
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date: August 1, 2000 Granted
- m. Cissy Sims
3417 Gardener – SFUSD
Ordinary Disability Retirement
Effective Date: November 1, 2001 Granted
- n. Michael Stanfield
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: August 18, 1998 Denied
- o. Bert H. Webb, III
2907 Eligibility Worker – DHS
Ordinary Disability Retirement
Effective Date: October 1, 2000 Denied

3. DISMISSAL OF INDUSTRIAL DISABILITY RETIREMENT APPLICATION

Raymond Dane

4. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

- a. Paul Bouldin
- b. Larry Bradley
- c. Erlinda Cayabyab
- d. Ernest Cleveland
- e. Jim Hamilton

- f. Marva Higgins
 - g. Christina Hijawi
 - h. Katherine McCulley
 - i. Sixta Santiago
 - j. Alvin F. Velacruz
 - k. Quentin M. Yaranon, Jr.
5. REQUEST AUTHORIZATION FOR COMMISSIONER MEIBERGER TO ATTEND THE PACIFIC PENSION INSTITUTE'S ROUNDTABLE TO BE HELD ON JULY 25-27, 2002 IN SEATTLE, WA

ACTION: It was moved by Commissioner Breall, seconded by Wright to approve the Consent Calendar as presented including the additional information regarding Item 5 presented to the Board at the meeting; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, Meiburger, Wright
Absent: 3 – Driscoll, Martel, McGoldrick

EXECUTIVE DIRECTOR'S REPORT

- 1. Ms. Murphy updated the Board on SFUSD Payroll issues.
- 2. Ms. Murphy updated the Board on the status of the Retirement System's FY 2002-2003 budget.
- 3. Ms. Murphy updated the Board on the Pre-Retirement and Mid-Career seminars that have been held over the past two months.
- 4. Ms. Murphy updated the Board on ING Activity Report for May 2002.
- 5. Ms. Murphy informed the Board about Proposed Charter Amendments for the November 2002 Election.
- 6. Ms. Murphy updated the Board on her participation on the SEIU Injured Worker Focus Group.
- 7. Ms. Murphy informed the Board that Kay Gulbengay, Executive Assistant to the Executive Director, has accepted a promotional opportunity to return to the Office of the Clerk of the Board of Supervisors effective June 24, 2002.

Commissioner Casciato commended Ms. Murphy and Commissioner McGoldrick for their efforts in the budget approval process.

INVESTMENT CALENDAR

2. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

The Deputy Director for Investments (DDI) informed the Board that as of June 30, 2002, the plan value is approximately \$10.5 billion. On a preliminary basis, it appears for the Fiscal Year ended June 30, the fund return was -4.5%. The DDI provided the Board with updated cash flow projections, and provided charts showing the six-month performance of equity indices and the yield curve.

The DDI reported that we voted against the merger of Alcoa and Ivex Packaging. Although ISS recommended a vote in favor of the merger, staff's analysis indicated that the value should be closer to \$28 per share as opposed to the offering price of \$21.50 per share.

The DDI reported completion of the transition of assets from the termination of J.P. Morgan. Total cost to the fund of this transaction based on Volume Weighted Average Price methodology was approximately 4 basis points.

The DDI also reported we have been notified by BGI that Patty Dunn, CEO, will be resigning for personal reasons, and we do not anticipate any impact from this change at the top.

The DDI informed the Board that we have tentatively reached an agreement with Cambridge Associates to serve as our Alternative Investments consultant for a period of one year, during which time we will undertake a thorough review of our program.

Finally, with the recent headlines surrounding Worldcom the DDI informed the Board that, as of June 28, the fund has lost only \$12.8 million in Worldcom securities.

REGULAR CALENDAR (CONTINUED)

5. DETERMINATION OF CREDITED INTEREST RATE IN ACCORDANCE WITH SAN FRANCISCO ADMINISTRATIVE CODE SECTION 16.37-1

Leslie Finertie of Towers Perrin presented a written and oral report on this item. The Board reviewed and discussed the item and engaged in a question and answer session with Ms. Finertie and staff.

Dale Butler, SEIU Local 790, requested the Board approve an increase in the credited interest rate to 8.25% effective July 1, 2002.

Miriam Alper, SFERS member from the Department of Public Health, spoke in favor of an increase in the credited interest rate effective July 1, 2002.

[Commissioners McGoldrick and Martel joined the meeting during this item.]

ACTION: It was moved by Commissioner Meiberger, seconded by McGoldrick to approve a credited interest rate of 8.25% effective July 1, 2002; motion was amended to 7.50% and failed by the following vote:

Ayes: 3 – Casciato, McGoldrick, Meiberger

Noes: 3 – Breall, Martel, Wright

Absent: 1 – Driscoll

It was moved by Commissioner McGoldrick, seconded by Meiberger to approve a credited interest rate of 7.00% effective July 1, 2002; motion failed by the following vote:

Ayes: 3 – Casciato, McGoldrick, Meiberger

Noes: 3 – Breall, Martel, Wright

Absent: 1 – Driscoll

It was moved by Commissioner Breall, seconded by Martel to approve a credited interest rate of 6.00% effective July 1, 2002; motion failed by the following vote:

Ayes: 3 – Breall, Martel, Wright

Noes: 3 – Casciato, McGoldrick, Meiberger

Absent: 1 – Driscoll

It was moved by Commissioner Wright, seconded by Martel to approve a credited interest rate of 6.25% effective July 1, 2002; motion failed by the following vote:

Ayes: 3 – Breall, Martel, Wright

Noes: 3 – Casciato, McGoldrick, Meiberger

Absent: 1 – Driscoll

It was moved by Commissioner Meiberger, seconded by McGoldrick to approve a credited interest rate of 6.50% effective July 1, 2002; motion failed by the following vote:

Ayes: 3 – Casciato, McGoldrick, Meiberger

Noes: 3 – Breall, Martel, Wright

Absent: 1 – Driscoll

The Board engaged in further discussion and review of impacts of various credited interest levels.

It was moved by Commissioner Breall, seconded by Wright to approve a credited interest rate of 6.25% effective July 1, 2002; motion passed by the following vote:

Ayes: 6 – Breall, Casciato, Martel, McGoldrick, Meiberger, Wright

Absent: 1 – Driscoll

INVESTMENT CALENDAR (CONTINUED)

1. RECOMMENDATION FOR SUB ASSET CLASS ALLOCATION FOR EQUITIES AND FIXED INCOME

David Kushner, Deputy Director for Investments and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the report and recommendation regarding the sub asset class allocation analysis and engaged in a question and answer session.

ACTION: It was moved by Commissioner Breall, seconded by Martel to approve the recommendation regarding the sub asset class allocation for equities and fixed income; motion passed by the following vote:
Ayes: 5 – Breall, Casciato, Martel, Meiberger, Wright
Absent: 2 – Driscoll, McGoldrick

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

1. DEFERRED COMPENSATION PLAN INVESTMENT COMMITTEE REPORT

Commissioner Meiberger, Chair of the Deferred Compensation Plan Investment Committee, presented an oral report to the Board regarding the Committee's review of the performance of the City's Deferred Compensation Plan and advised the Board that the Committee will be presenting recommendations to the Board at its August 6, 2002 meeting.

This was an informational item only.

BOARD MEMBER'S REPORTS

1. Commissioner Breall reported that he supports replacing the vacant Actuary position with an Actuary hired by the Board under the direction of the Executive Director.
2. Commissioner Meiberger reported on his attendance at the CALAPRS Trustee Roundtable.
3. Commissioner Martel announced to the Board that she was resigning the Board effective COB July 2, 2002 due to restraints on her time. Board Commissioners and staff expressed their appreciation for Commissioner Martel's service on the Board and to the Retirement System.

CLOSED SESSION

STARTED 4:41PM

ENDED 4:48 PM

Present: President Casciato
Commissioner Breall
Commissioner Martel
Commissioner Meiberger
Commissioner Wright
Clare M. Murphy, Executive Director
Jay Huish, Deputy Director
Dan Maguire, Deputy City Attorney

Absent: Commissioner Driscoll
Supervisor McGoldrick

Pursuant to the Ralph M. Brown Act, Government Code Section 54956.9 and the Sunshine Act, San Francisco Administrative Code Section 67.10, the Retirement Board will meet in closed session.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Subdivision (a) of Government Code §54956.9, Administrative Code §67.10

Mason, et al. V CCSF, et al., San Francisco Superior Court No. 998779
(10/23/98)

Adams, et al. v the Retirement Board of the CCSF, et al.
San Francisco Superior Court No. 301634
(3/1/99)

The Retirement Board reconvened in Open Session at 4:49 p.m.

A) Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code § 67.14(a):

ACTION: It was moved by Commissioner Breall, seconded by Martel, to disclose part of the Board's discussion held in closed session; motion was passed by the following vote:

Ayes: 5 – Breall, Casciato, Martel, Meiberger, Wright

Absent: 2 – Driscoll, McGoldrick

- B) Report on discussions in Closed Session (Government Code §54957.1 and San Francisco Administrative Code §67.14(b)(2)).

The Board reported that Deputy City Attorney Dan Maguire informed the Board that the Adams lawsuit had been certified as a class action on July 28, 2002.

There being no further business, the Board adjourned its meeting in memory of Kieran Murphy and in recognition of Kay Gulbengay's services to the Retirement System at 4:50 PM.

Respectfully submitted,

A handwritten signature in black ink that reads "Clare M. Murphy". The signature is written in a cursive, flowing style.

Clare M. Murphy, Executive Director



MINUTES

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CITY AND COUNTY OF SAN FRANCISCO
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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

AUGUST 6, 2002

12:30 PM

Present:	Al Casciato	President
	William Breall	Vice-President
	E. David Ellington	Commissioner
	Jake McGoldrick	Commissioner
	Herb Meiberger	Commissioner
Absent:	Joseph Driscoll *	Commissioner
	Brenda Wright	Commissioner
	Clare M. Murphy Retirement System	Executive Director

*On Military Leave

RETIREMENT BOARD REGULAR MEETING

AUGUST 6, 2002 MINUTES

PUBLIC COMMENT

Mike Hebel, POA, stated that the POA supports Supervisor McGoldrick's efforts to introduce legislation regarding pension security. He complimented the Board for the job they and the previous Board members have done in monitoring the City's Deferred Compensation Plan and in providing a wide variety of investment options to Plan participants. He stated that the POA is concerned that the Board has not instituted written guidelines regarding the criteria used by KPMG, the Deferred Compensation Plan consultant, in determining whether an investment option should be placed on the Board's "watch list."

Javid Sayed, retired member, requested that the Board review his written request to purchase a period of prior public service after retirement.

SPECIAL ORDER – ELECTION OF RETIREMENT BOARD OFFICER (VICE PRESIDENT)

ACTION: It was moved by Commissioner Ellington, seconded by McGoldrick to elect Commissioner Breall as Vice President of the Retirement Board; motion passed by the following vote:
Ayes: 5 – Breall, Casciato, Ellington, McGoldrick, Meiburger
Absent: 2 – Driscoll, Wright

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MINUTES

MINUTES: Minutes of the regular meeting of July 2, 2002 submitted for approval.

ACTION: Approved as presented.

REGULAR CALENDAR

1. OLD AND ONGOING BUSINESS LIST

Clare Murphy, Executive Director, presented a written and oral report on this item.

The Board reviewed and discussed the Old and Ongoing Business List and engaged in a question and answer session.

(Action on Regular Calendar Item 1 was taken out of Calendar Order – after action on Item 2)

ACTION: It was moved by Commissioner Breall, seconded by Meiberger to approve the Old and Ongoing Business List as presented; motion passed by the following vote:
Ayes: 5 – Breall, Casciato, Ellington, McGoldrick, Meiberger
Absent: 2 – Driscoll, Wright

2. OLD AND ONGOING BUSINESS LIST PROCEDURES

Commissioner Casciato, President of the Board, presented a written and oral report on this item.

The Board reviewed and discussed the proposed Old and Ongoing Business List procedures and engaged in a question and answer session.

ACTION: It was moved by Commissioner Breall, seconded by McGoldrick to approve the Old and Ongoing Business List procedures as presented; motion passed by the following vote:
Ayes: 5 – Breall, Casciato, Ellington, McGoldrick, Meiberger
Absent: 2 – Driscoll, Wright

3. RETIREMENT TRAVEL EXPENSE REPORT FOR THE PERIOD ENDED JUNE 30, 2002

Clare Murphy, Executive Director, presented a written and oral report on this item.

This was an informational item only.

4. AMENDMENT TO BOARD RESOLUTION NO. 44

Clare Murphy, Executive Director, presented a written and oral report on this item.

The Board reviewed and discussed the amendment to Board Resolution No. 44 and engaged in a question and answer session.

ACTION: It was moved by Commissioner Meiberger, seconded by McGoldrick to approve the amendment to Board Resolution No. 44 as presented; motion passed by the following vote:
Ayes: 5 – Breall, Casciato, Ellington, McGoldrick, Meiberger
Absent: 2 – Driscoll, Wright

5. APPROVAL OF EXECUTIVE DIRECTOR'S PERFORMANCE EVALUATION REPORT BY THE PERSONNEL COMMITTEE

Commissioner Casciato, Personnel Committee Chair, presented an oral report on this item.

The Board engaged in a question and answer session.

ACTION: This item was taken off calendar by Commissioner Casciato, President of the Board.

6. REVIEW OF BENEFIT INTERPRETATION POLICY ACTIVITIES FOR 2ND QUARTER 2002 AND REPORT REGARDING RESOLUTION OF OLD SAFETY FINAL COMPENSATION CASE (ADMINISTRATIVE REFERRAL NO. AR001)

Jay Huish, Deputy Director, presented a written and oral report on this item.

The Board reviewed and discussed the item and engaged in a question and answer session.

This was an informational item only.

7. APPROVAL OF DRAFT LETTERS TO PARTICIPANTS REGARDING BENEFIT SECURITY

Clare Murphy, Executive Director, and Jay Huish, Deputy Director presented a written and oral report on this item.

The Board reviewed and discussed the draft letters to participants regarding benefit security and engaged in a question and answer session.

ACTION: It was moved by Commissioner Breall, seconded by Ellington to approve the draft letters as amended; motion passed by the following vote:
Ayes: 5 – Breall, Casciato, Ellington, McGoldrick, Meiberger
Absent: 2 – Driscoll, Wright

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 2-02

2. DECISION OF HEARING OFFICER

- a. Donald J. Alexander
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: July 7, 2001
Granted
- b. Kent W. Brandt
H-2 Firefighter – Fire Dept.
Death as a Result of Duty
Effective Date: December 1, 2000
Granted
- c. Bruce W. Clement
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement
Effective Date: February 1, 2002
Granted
- d. Marco A. Contreras
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date: April 1, 2001
Denied
- e. Leonard Dunn
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date: April 13, 2002
Granted
- f. Benicia Hargrove
Deputy Sheriff – Sheriff's Dept.
PERS
Granted
- g. Nan Jervey
2940 Protec. Service Wkr. – DHS
Ordinary Disability Retirement
Effective Date: August 1, 2001
Granted
- h. Lamont Jones
2586 Health Worker II – SFGH
Ordinary Disability Retirement
Effective Date: April 1, 2001
Granted
- i. Kenzie Lewis
2654 Cook – SFGH
Ordinary Disability Retirement / Stipulation
Effective Date: October 1, 2001
Granted

- j. Stephen A. Lundberg
0382 Inspector 3 – Police Dept.
Industrial Disability Retirement / Stipulation
Effective Date: July 7, 2001
Granted
- k. Dennis P. Martino
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: December 14, 1999
Granted
- l. Susan J. Moneyhun
Q-4 Police Officer – Police Dept.
Industrial Disability Retirement
Effective Date: March 27, 2002
Granted
- m. Mildred P. Radoc
1429 Nurse Staffing Asst. – DPH
Ordinary Disability Retirement
Effective Date: June 29, 2002
Granted
- n. Mario J. Ramirez
2708 Custodian – SFGH
Ordinary Disability Retirement
Effective Date: February 1, 2001
Granted
- o. Michael C. Resch
7253 Electrical Transit Mech. Sup. I – Muni
Ordinary Disability Retirement
Effective Date: June 29, 2002
Granted
- p. Jose R. Sandoval
2708 Custodian – SFUSD
Ordinary Disability Retirement / Vesting
Effective Date: July 1, 2001
Denied
- q. Raymond West (Deceased)
David West (Beneficiary)
Q-2 Police Officer – Police Dept.
Continuation of Benefits (Dependent Child)
Effective Date: November 12, 2001
Granted
- r. Han H. Wong
1842 Mgt. Assistant – DPH
Ordinary Disability Retirement
Effective Date: December 1, 2001
Granted

- | | | | |
|----|---|-------------------|---------|
| s. | James Woodbury
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date: | September 1, 2001 | Granted |
| | | | |
| t. | Maria G. Zelaya
1446 Secretary II – SFUSD
Ordinary Disability Retirement
Effective Date: | June 30, 2002 | Granted |

3. PETITION FOR REHEARING

- | | | | |
|----|---|---------------|--------|
| a. | Gerald R. Bland
8306 Sr. Deputy – Sheriff's Dept.
PERS | | Denied |
| | | | |
| b. | Norma D. Irving
1446 Secretary II – SFUSD
Ordinary Disability Retirement
Effective Date: | March 1, 1999 | Denied |

4. DISMISSAL OF INDUSTRIAL DISABILITY RETIREMENT APPLICATION

CHARLES LESCA

5. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

- a. Hijasmin Blanco
- b. Tony Byrd
- c. Jacqueline Carvajal
- d. Otha Cotton
- e. Cynthia Ellis
- f. Gail Hamilton
- g. Geraldine P. Hernandez
- h. Frank A. Johnson, III
- i. Linda Henson
- j. Percy LaSalle Longs

- k. Charles Parmelee
 - l. Geraldine Rosen
 - m. Pamela M. White
 - n. Wayne Williams
6. REQUEST AUTHORIZATION FOR CLARE M. MURPHY, EXECUTIVE DIRECTOR, TO ATTEND THE INSTITUTIONAL INVESTOR INSTITUTE CONSULTANTS ROUNDTABLE – AS A SPEAKER – TO BE HELD ON OCTOBER 28-29, 2002 IN CHICAGO, IL
 7. REQUEST AUTHORIZATION FOR DAVID KUSHNER, DEPUTY DIRECTOR FOR INVESTMENTS TO ATTEND THE COUNCIL OF INSTITUTIONAL INVESTORS FALL CONFERENCE TO BE HELD ON SEPTEMBER 22-25, 2002 AND DUE DILIGENCE MEETINGS, SEPTEMBER 26-27, 2002 IN NEW YORK, NY
 8. REQUEST AUTHORIZATION FOR WEN LING CHIN, SECURITY ANALYST, TO ATTEND THE INSTITUTIONAL LIMITED PARTNERS ASSOCIATION MEETING TO BE HELD ON SEPTEMBER 18-20, 2002 IN TORONTO, CANADA
 9. REQUEST AUTHORIZATION FOR CARL WILBERG, SENIOR INVESTMENT OFFICER AND MARK COLEMAN, SECURITY ANALYST, TO ATTEND THE ZEPHYR ASSOCIATES STYLE ADVISORS CONFERENCE TO BE HELD ON SEPTEMBER 19-20, 2002 IN SQUAW VALLEY, CA

ACTION: It was moved by Commissioner Breall, seconded by Meiberger to approve the Consent Calendar as presented; motion passed by the following vote:
Ayes: 5 – Breall, Casciato, Ellington, McGoldrick, Meiberger
Absent: 2 – Driscoll, Wright

EXECUTIVE DIRECTOR'S REPORT

1. Ms. Murphy updated the Board on SFUSD Payroll issues.
2. Ms. Murphy updated the Board on the status of the City's FY 2002-2003 budget, including the amendments to some MOUs regarding employees paying 2.75% of the SFERS employee contributions previously paid in full on behalf of the employees by the City effective July 1, 2002.
3. Ms. Murphy reported that Retirement staff had processed the July 2002 COLA payments for retired members and continuants of all SFERS plans – Police, Fire and Miscellaneous – in their July 31, 2002 retirement allowances.
4. Ms. Murphy provided the Board with an updated Retirement Board List for their review and information.

5. Ms. Murphy updated the Board regarding planned communication pieces to Deferred Compensation Plan participants regarding in the proposed changes in investment options under the Plan.
6. Ms. Murphy provided the Board an updated listing of Educational Opportunities.
7. Ms. Murphy updated the Board on the Class Action Notice that will be sent out to all active Safety Plan members and retirees/continuant; within the next two weeks in the Adams lawsuit.

(The Board took a 10 minute break after the Executive Director's Report)

INVESTMENT CALENDAR

1. RECOMMENDATION TO ADOPT CHANGES IN THE STRATEGIC REAL ESTATE PLAN

David Kushner, Deputy Director for Investments, Donald Holcher, Senior Investment Officer, and Kevin Lynch of the Townsend Group presented a written and oral report on this item.

The Board reviewed and discussed the proposed changes in the Strategic Real Estate Plan and engaged in a question and answer session.

ACTION: It was moved by Commissioner Breall, seconded by Ellington to adopt the changes in the Strategic Real Estate Plan as presented; motion passed by the following vote:
Ayes: 5 – Breall, Casciato, Ellington, McGoldrick, Meiberger
Absent: 2 – Driscoll, Wright

2. RECOMMENDATION TO REVISE THE TERMS OF AMB PARTNERS II CO-INVESTMENT PROGRAM

David Kushner, Deputy Director for Investments, Donald Holcher, Senior Investment Officer, and Kevin Lynch of the Townsend Group presented a written and oral report on this item.

The Board reviewed and discussed the proposed revisions to the terms of AMB Partners II Co-investment Program and engaged in a question and answer session.

ACTION: It was moved by Commissioner Breall, seconded by Meiberger to approve the revisions to the terms of AMB Partners II Co-investment Program as presented; motion passed by the following vote:
Ayes: 5 – Breall, Casciato, Ellington, McGoldrick, Meiberger
Absent: 2 – Driscoll, Wright

3. RECOMMENDATION TO ADOPT INVESTMENT POLICIES: FUND REBALANCING POLICY, FUND CASH POLICY, RANGES FOR ASSET ALLOCATION, AND INVESTMENT POLICY STATEMENT

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors presented a written and oral report on this item.

The Board reviewed and discussed the proposed investment policies and engaged in a question and answer session.

ACTION: It was moved by Commissioner McGoldrick, seconded by Ellington to adopt the Fund Rebalancing Policy as presented; motion passed by the following vote:

Ayes: 4 – Breall, Casciato, Ellington, McGoldrick, Meiberger

Noes: 1- Meiberger

Absent: 2 – Driscoll, Wright

(Commissioner McGoldrick left the meeting at 3:20 p.m.)

ACTION: It was moved by Commissioner Ellington, seconded by Meiberger to adopt the Fund Cash Policy as presented; motion passed by the following vote:

Ayes: 4 – Breall, Casciato, Ellington, Meiberger

Absent: 3 – Driscoll, McGoldrick, Wright

ACTION: It was moved by Commissioner Meiberger, seconded by Ellington to adopt the Ranges for Asset Allocation as presented; motion passed by the following vote:

Ayes: 4 – Breall, Casciato, Ellington, Meiberger

Absent: 3 – Driscoll, McGoldrick, Wright

ACTION: It was moved by Commissioner Breall, seconded by Ellington to adopt the Investment Policy Statement as presented; motion passed by the following vote:

Ayes: 4 – Breall, Casciato, Ellington, Meiberger

Absent: 3 – Driscoll, McGoldrick, Wright

4. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

Deputy Director for Investments (DDI), David Kushner, provided the Board with the following information:

The Deputy Director informed the Board that as of July 29, 2002, the Plan value is approximately \$10.0 billion. The DDI provided the Board with updated cash flow projections and provided charts showing the six-month performance of equity indices and the yield curve. The DDI also informed the Board that, with the approval of the Investment Policy, the format of the monthly cash reports will change.

The DDI informed the Board that we are moving forward with Cambridge Associates on a thorough review of the SFERS alternative investments program, with an expected completion date of December 2002. Additionally, the DDI indicated an expectation to have an implementation plan for the changes to our asset allocations by the September 2002 Board meeting.

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

DEFERRED COMPENSATION PLAN INVESTMENT COMMITTEE RECOMMENDATION ON INVESTMENT CORE OPTIONS

Commissioner Meiberger, Chair of the Deferred Compensation Plan Investment Committee, presented a written and oral report on this item.

The Board reviewed and discussed the committee's recommendations and engaged in a question and answer session.

ACTION: It was moved by Commissioner Breall, seconded by Meiberger to approve the Deferred Compensation Plan Investment Committee recommendations on investment core options for the City's Deferred Compensation Plan as presented; motion passed by the following vote:

Ayes: 4 – Breall, Casciato, Ellington, Meiberger

Absent: 3 – Driscoll, McGoldrick, Wright

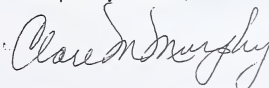
BOARD MEMBER'S REPORTS

Commissioners Breall, Casciato and Meiberger welcomed Commissioner Ellington to the Board.

NO CLOSED SESSION HELD

There being no further business, the Board adjourned its meeting at 3:45 PM.

Respectfully submitted,

A handwritten signature in cursive script, reading "Clare M. Murphy".

Clare M. Murphy, Executive Director



MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

SEPTEMBER 3, 2002

12:30 PM

Present:	Al Casciato	President
	William Breall	Vice-President
	E. David Ellington	Commissioner
	Herb Meiberger	Commissioner
	Brenda Wright	Commissioner
Absent:	Joseph Driscoll *	Commissioner
	Jake McGoldrick	Commissioner
	Clare M. Murphy Retirement System	Executive Director

*On Military Leave

RETIREMENT BOARD REGULAR MEETING

SEPTEMBER 3, 2002 MINUTES

PUBLIC COMMENT

Richard Clayton, of SEIU, read a letter from Lois S. Black regarding the Retirement Board's Personnel Committee's consideration that the position of Actuary report to the Deputy Director. Ms. Black's letter urged that the Actuary position should be an independent voice and should not report to the Retirement system staff.

MINUTES

MINUTES: Minutes of the regular meeting of August 6, 2002 submitted for approval.

ACTION: Approved as presented.

REGULAR CALENDAR

1. OLD AND ONGOING BUSINESS LIST

Clare Murphy, Executive Director, presented a written and oral report on this item.

The Board reviewed and discussed the Old and Ongoing business list and engaged in a question and answer session.

Commissioner Meiberger requested staff to ascertain the data the consultant does not have and to obtain a timeline as it relates to the Analysis of Natural Resource Investment item on the list.

ACTION: It was moved by Commissioner Meiberger, seconded by Commissioner Breall to approve the Old and Ongoing Business List as presented; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Ellington, Meiberger, Wright

Absent: 2 - Driscoll, McGoldrick

2. BUSINESS PLANNING SESSION

Clare Murphy, Executive Director, presented a written and oral report on this item.

The Board reviewed and discussed the Business Planning Session. The Executive Director will meet with each Board member to discuss initiatives and will prepare a formal plan for approval at the Retirement's Board's November 2002 meeting.

This was an informational item only.

3. UPDATE REGARDING PUBLIC COMMENTS REGARDING CASH-FLOW REPORT MADE AT THE JANUARY 15, 2002 RETIREMENT BOARD MEETING

Commissioner Wright presented an oral report and explained that both she and Deputy City Attorney Dan Maguire contacted several organizations who felt there were not irregularities in the cash flow report and that it was important for the Board to be kept informed by such reports.

Virginia Barker posed questions to the Board and to Deputy City Attorney, Dan Maguire. Vice President Breall suggested that Ms. Barker submit a letter with her questions rather than posing questions of the Board during her public comment.

Commissioner Meiberger requested to see the examples of type of cash flow reports referenced by Mr. Maguire during his verbal comments.

4. PRESIDENTIAL APPOINTMENTS TO STANDING COMMITTEES – TERM THROUGH JUNE 30, 2003.

Clare Murphy, Executive Director, presented a written and oral report on this item. Commissioner Meiberger discussed the Standing Committees.

This was an informational item only.

5. PROPOSAL TO ADD RETIREMENT BOARD COMMITTEES

President Casciato recommended that the following committees be established:

➤ Consultants Committee (Ad Hoc)

Proposed Committee Members: Ellington, Wright, Casciato (The Chair to be Wright)

➤ Alternatives Committee (Ad Hoc)

Proposed Committee Members: Ellington, Wright, Meiberger (The Chair to be Ellington)

The Board agreed that the committees' charter and authority should be defined as part of the governance review project established in the 2002-2003 budget.

ACTION: It was moved by Commissioner Ellington, seconded by Commissioner Meiberger to establish a Consultants Committee and Alternatives Committee as presented, motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Ellington, Meiberger, Wright

Absent: 2 - Driscoll, McGoldrick

6. REVIEW AND APPROVAL OF SFERS MEMBER COMMUNICATIONS PLAN FOR CALENDAR YEAR 2003.

Jay Huish, Deputy Director, presented a written and oral report on this item.

ACTION: It was moved by Commissioner Meiberger, seconded by Commissioner Wright to approve the SFERS Member Communications Plan for Calendar Year 2003 as presented, motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Ellington, Meiberger, Wright

Absent: 2 - Driscoll, McGoldrick

7. REQUEST TO INCLUDE SAN FRANCISCO AIRPORT PARKING DISCOUNT COUPONS IN THE SEPTEMBER 30, 2002 RETIREMENT ALLOWANCES.

Jay Huish, Deputy Director, presented a written and oral report on this item.

ACTION: It was moved by Commissioner Breall, seconded by Commissioner Wright to approve the San Francisco Airport Parking Discount Coupons in the September 30, 2002 Retirement Allowances, motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Ellington, Meiberger, Wright

Absent: 2 - Driscoll, McGoldrick

8. REQUEST AUTHORIZATION FOR E. DAVID ELLINGTON, COMMISSIONER, TO ATTEND THE 2ND ANNUAL EUROPEAN ALTERNATIVE & INSTITUTIONAL INVESTING SUMMITS TO BE HELD IN CANNES, FRANCE ON SEPTEMBER 18-21, 2002.

Clare Murphy, Executive Director, presented a written and oral report on this item.

ACTION: It was moved by Commissioner Breall, seconded by Commissioner Wright to approve the request authorization for E. David Ellington, Commissioner to attend the 2nd Annual European Alternative & Institutional Investing Summits to be held in Cannes, France on September 18-21, 2002; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Ellington, Meiberger, Wright

Absent: 2 - Driscoll, McGoldrick

(Please Note: The Board took a 10-minute break at 1:45 pm. President Casciato left the meeting.)

9. DISCUSSION GUIDE FOR BOARD DEVELOPMENT PROCESS.

President Casciato presented a written report on this item.

Clare Murphy, Executive Director, reviewed the guide with the Board and asked them to complete the self-evaluation guide and return it directly to President Casciato by 10/15/02.

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 3-02

2. DECISION OF HEARING OFFICER

- | | | | |
|----|--|------------------|---------|
| a. | Madelyne G. Banares
2320 Registered Nurse – DPH
Ordinary Disability Retirement
Effective Date: | April 13, 2002 | Granted |
| b. | Samuel Bernardo
7514 General Laborer – PUC
Ordinary Disability Retirement
Effective Date: | October 1, 2001 | Granted |
| c. | Karen Bisagno-Peterson
H-1 Firefighter – Fire Dept.
Industrial Disability Retirement
Effective Date: | December 1, 2000 | Granted |
| d. | Romina L. Dong (Deceased)
1634 Principal Acct. Clerk – DPW
Ordinary Disability Retirement
Effective Date: | February 1, 2002 | Granted |
| e. | Susan M. Ferreyra
6335 Disability Access Coordinator – DPW
Ordinary Disability Retirement
Effective Date: | June 29, 2002 | Granted |

- | | | | |
|----|--|-------------------|---------|
| f. | Henry Garcia
H-1 Firefighter – Fire Dept.
Industrial Disability Retirement
Effective Date: | August 31, 2001 | Granted |
| g. | Hoyt S. Haynes
Sr. Deputy Sheriff
PERS | July 1, 2001 | Granted |
| h. | Ricardo A. Hernandez
1404 Clerk – Muni
Ordinary Disability Retirement
Effective Date: | June 1, 2001 | Granted |
| i. | Michael Nowlin
Q-4 Police Officer – Police Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | July 1, 2001 | Granted |
| j. | Ralph E. Potts
9139 Transit Supervisor – Muni
Ordinary Disability Retirement / Stipulation
Effective Date: | December 1, 2001 | Granted |
| k. | Pamela Saylor
2320 Registered Nurse – DPH
Ordinary Disability Retirement / Vesting
Effective Date: | September 1, 2001 | Granted |
| l. | Helen Shaw
2302 Nursing Asst. – DPH
Ordinary Disability Retirement
Effective Date: | October 1, 2001 | Granted |
| m. | Ivan J. Stevens
9163 Transit Operator – Muni
Ordinary Disability Retirement / Vesting
Effective Date: | July 1, 2001 | Granted |
| n. | Jacquelyn G. Washington
Deputy Sheriff – Sheriff's Dept.
PERS | | Denied |
| o. | Quentin M. Yaranon
Q-3 Police Officer – Police Dept.
Industrial Disability Retirement | | |

Effective Date:

March 10, 2002

Granted

3. PETITION FOR REHEARING

- a. James L. Sorensen
1071 IT Manager – DTIS
Ordinary Disability Retirement / Stipulation
Effective Date: February 1, 2001 Denied
- b. Michael Stanfield
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: August 18, 1998 Denied
- c. Bert H. Webb, III
2907 Eligibility Worker – DHS
Ordinary Disability Retirement
Effective Date: October 1, 2000 Denied

4. DISMISSAL OF INDUSTRIAL DISABILITY RETIREMENT APPLICATION

Allan R. Paul

5. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

- a. Deborah Brown
- b. Darryl Burton
- c. Yvette J. Castillo
- d. Leslie Faber
- e. Nenita Fleming
- f. Cynthia A. Galea
- g. Abbie K. Malone
- h. Annie McDuffie
- i. Ronald Orme
- j. Anabell Portillo
- k. James Robinson

- I. Otis Stroman
 - m. Bruce Woodard
6. REQUEST AUTHORIZATION FOR E. DAVID ELLINGTON, COMMISSIONER, TO ATTEND THE COUNCIL OF INSTITUTIONAL INVESTORS FALL CONFERENCE TO BE HELD ON SEPTEMBER 22-25, 2002 AND INVESTMENT MANAGER MEETINGS, SEPTEMBER 26-27, 2002 IN NEW YORK, NY
 7. REQUEST AUTHORIZATION FOR COMMISSIONER HERB MEIBERGER, BOARD MEMBERS, AND DONALD HOLCHER, SENIOR INVESTMENT OFFICER, TO ATTEND THE 11TH ANNUAL PUBLIC FUND BOARDS FORUM TO BE HELD ON NOVEMBER 9-12, 2002, IN SAN FRANCISCO, CA
 8. REQUEST AUTHORIZATION FOR DONALD HOLCHER, SENIOR INVESTMENT OFFICER, TO ATTEND THE INSTITUTE FOR FIDUCIARY EDUCATION SEMINAR, TO BE HELD IN CARLSBAD, CA ON SEPTEMBER 22-25, 2002
 9. REQUEST AUTHORIZATION FOR COMMISSIONER MEIBERGER AND OTHER BOARD MEMBERS, TO ATTEND THE CALAPRS TRUSTEES' ROUNDTABLE TO BE HELD IN ONTARIO, CA ON OCTOBER 11, 2002

ACTION: It was moved by Commissioner Breall, seconded by Commissioner Ellington to approve the Consent Calendar as presented; motion passed by the following vote:
Ayes: 5 - Breall, Casciato, Ellington, Meiberger, Wright
Absent: 2 Driscoll, McGoldrick

EXECUTIVE DIRECTOR'S REPORT

1. Ms. Murphy updated the Board on the SFUSD Payroll issues.
2. Ms. Murphy updated the board on the Retiree Presentation Regarding Benefit Security & EGTRRA Changes (8/14/02)
3. Ms. Murphy updated the Board regarding 2.75% member contributions
4. Ms. Murphy updated the board on the Class Action Notice regarding the Adams Lawsuit
5. Ms. Murphy introduced Shauna Marie Rose, the Executive Assistant to the Executive Director.
6. Ms. Murphy gave an update on the actuarial valuation process.
7. Ms. Murphy reported on the Western Pension & Benefits Conference

8. Ms. Murphy reviewed the Educational Opportunities list.

INVESTMENT CALENDAR

1. PERFORMANCE REPORT FOR THE QUARTER AND FISCAL YEAR ENDED JUNE 30, 2002

David Kushner, Deputy Director for Investments and Leslie Kautz of Angeles Investment Advisors presented a written and oral report on this item.

The Board reviewed and discussed the proposed investment policies and engaged in a question and answer session.

This was an informational item only, no action taken.

2. REPORT ON BROKERAGE COMMISSIONS GENERATED BY THE RETIREMENT FUND DURING THE QUARTER ENDED JUNE 30, 2002

David Kushner, Deputy Director for Investments presented a written and oral report on this item.

This was an informational item only, no action taken.

3. REPORT ON TOBACCO DIVESTMENT

David Kushner, Deputy Director for Investments presented a written and oral report on this item.

This was an informational item only, no action taken.

4. APPROVAL OF REQUEST FOR PROPOSAL FOR CONVERTIBLE SECURITIES INVESTMENT MANAGER

David Kushner, Deputy Director for Investments and Leslie Kautz of Angeles Investment Advisors presented a written and oral report on this item.

The Board reviewed and discussed the proposed investment policies and engaged in a question and answer session. After discussion with the Board it was determined to evaluate on a generic basis as opposed to a fixed fee basis.

ACTION: It was moved by Commissioner Breall, seconded by Commissioner Ellington to approve the Request for Proposal for Convertible Securities Investment Manager, motion passed by the following vote:
Ayes: 5 - Breall, Casciato, Ellington, Meiberger, Wright
Absent: 2 - Driscoll, McGoldrick

5. DISCUSSION AND APPROVAL OF CRITERIA FOR REQUEST FOR PROPOSAL FOR CUSTODIAL SERVICES

David Kushner, Deputy Director for Investments and Leslie Kautz of Angeles Investment Advisors presented a written and oral report on this item.

ACTION: It was moved by Commissioner Ellington, seconded by Commissioner Wright, to approve the Request for Proposal for Custodial Services; motion passed by the following vote:

Ayes: 4 - Breall, Casciato, Ellington, Wright

Noes: 1 - Meiberger

Absent: 2 - Driscoll, McGoldrick

6. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

David Kushner, Deputy Director for Investments presented a written and oral report on Duke Street Capital Fund V Rescission.

ACTION: It was moved by Commissioner Breall, seconded by Commissioner Ellington, to approve the Duke Street Capital Fund V Rescission, as presented; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Ellington, Meiberger, Wright

Absent: 2 - Driscoll, McGoldrick

David Kushner, Deputy Director for Investments presented a written and oral report on Weston Presidio Additional Investment.

ACTION: It was moved by Commissioner Meiberger, seconded by Commissioner Breall, to approve the Weston Presidio Additional Investment, as presented; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Ellington, Meiberger, Wright

Absent: 2 - Driscoll, McGoldrick

The Deputy Director informed the Board that as of August 27, 2002, the plan value is approximately \$10.1 billion. The DDI provided charts showing the six-month performance of equity indices and the yield curve.

The DDI informed the Board that we raised approximately \$150 million from Fixed Income (the most overweight asset class relative to targets) to provide sufficient funds for the Benefits cash account and immediate (next two months) investment requirements.

The DDI provided the Board with a revised cash report reflecting the newly adopted investment policy. The report shows that the Benefits cash account has approximately three months

payments available, and the Investments cash account has approximately two months of known funding requirements.

The DDI then provided the Board with an updated Asset Allocation report reflecting the newly adopted targets and ranges for the broad asset classes. This report indicates that Real Estate is the only asset class currently out of compliance with its new target (8.14% vs. low end of range at 9%), and explained that staff is working diligently to implement the new asset allocation parameters. The DDI also informed the Board that these three reports are a "work in progress", and will be revised as necessary to provide useful information regarding the fund's investment activities.

The DDI reported there were no proxies voted outside our approved guidelines, and there were no Corporate Actions involving our managers.

The DDI reported that we are signing amendments to the partnership agreements for Madison Dearborn Partners Fund III and Fund IV, Blackstone Capital Partners III, and Foothill Partners II Limited Partnerships.

Finally, the DDI provided a tentative schedule for searches to accomplish the recently approved sub-asset class structure for Equities, involving four searches over the next six months.

BOARD MEMBER'S REPORTS

Commissioner Meiburger referenced a recent San Francisco Chronicle article regarding CalPERS adopting stringent conflict of interest guidelines to be more responsive to corporate governance. He suggested the Retirement Board review these guidelines.

NO CLOSED SESSION HELD

There being no further business, the Board adjourned its meeting at 3:45 PM.

Respectfully submitted,



Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth all actions taken by the Retirement Board on the matters stated but not necessarily the chronological sequence in which the matters were considered.

September 3, 2002

San Francisco Employees' Retirement System
Retirement Board Members
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

Dear Board Members:

It has come to my attention that the Retirement Board's Personnel Committee in conjunction with the Executive Director has proposed that the position of Actuary report to the Deputy Director. This change in policy and violation of the San Francisco Charter effectively 'dumbs down' the position to little more than a clerk.

If the Actuary reports to any Retirement System staff, the Actuary's independence will be eliminated and any dissenting opinion(s) will be silenced.

Remember that the position of Actuary was set up by Charter to act as an independent voice within the System. The counsel provided by the Actuary must be free of any of the general or specific views of Board members and/or the management of the System as is currently proposed.

Thank you,



Lois S. Black
51 Essex St. #7
San Anselmo, CA 94960

P.S. Per Proposition G – Sunshine Ordinance, please read into and include in the Minutes for this meeting. Thank you.



MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

OCTOBER 1, 2002

12:30 PM

Present: Al Casciato

President

William Breall

Vice-President

E. David Ellington

Commissioner

Herb Meiburger

Commissioner

Jake McGoldrick

Commissioner

Absent: Joseph Driscoll

Commissioner

Brenda Wright

Commissioner

Clare M. Murphy
Retirement System

Executive Director

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RETIREMENT BOARD REGULAR MEETING

OCTOBER 1, 2002 MINUTES

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedures for the attendees. No comments were made at this time.

MINUTES

MINUTES: Minutes of the regular meeting of September 3, 2002 submitted for approval.

ACTION: Approved as amended.

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

1. **San Francisco Deferred Compensation Investment Performance Analysis – January 1, 2002 through June 30, 2002**

Ray Polin of KPMG presented an oral report to the Board on this item.

The Board reviewed and discussed the San Francisco Deferred Compensation Investment Performance Analysis and engaged in a question and answer session.

This was an informational item only, no action taken.

INVESTMENT CALENDAR

1. **REAL ESTATE SEMI-ANNUAL REVIEW**

David Kushner, Deputy Director for Investments, Donald Holcher, Senior Investment Officer, and Micolyn Yalonis of The Townsend Group, presented an oral report to the Board on this item.

This was an informational item only, no action taken.

2. REAL ESTATE CONSULTANT EVALUATION CRITERIA

David Kushner, Deputy Director for Investments, and Jennifer Cooper of Cooper Consultants, presented an oral report to the Board on this item.

The Board reviewed and discussed the Real Estate Consultant Evaluation Criteria and engaged in a question and answer session.

ACTION: It was moved by Commissioner Ellington, seconded by McGoldrick to approve the Real Estate Consultant Evaluation Criteria; motion passed by the following vote:

Ayes: 5, Breall, Casciato, Ellington, McGoldrick, Meiburger

Absent: 2, Driscoll, Wright

3. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

a. Proxy Votes

No Proxy issues.

b. Investment Portfolio Developments: Recent Developments and Updates – Discussion Only

The Deputy Director for Investments (DDI) reported that, as of 9/30, preliminarily the fund value has dropped to \$9.6 billion.

The DDI noted the cash account projections in the package reflect 2 month projections for the Benefit/Expense account, not three, and informed the Board that we are currently out of compliance in both Fixed Income and Real Estate. The DDI informed the Board that we anticipate meeting the Real Estate funding needs from the Fixed Income portfolio when there is more certainty as to the closing dates.

Given time constraints due to the transition to PenAdmin, the audit currently under way affecting the accounting division, and travel schedules and other responsibilities, the Custody RFP has not yet been released. The currently anticipated release date for this RFP is by October 15. The RFP for the Convertibles search was released on September 18, when 10 firms meeting our criteria were invited to participate. RFPs were emailed (where email addresses were available) or mailed to all finance-related women and minority owned businesses registered with the City of San Francisco Human Rights Commission. To date only one of these firms has replied, to indicate that it will not participate because it is a computer leasing firm. Additionally, the search was advertised in the September 30, 2002 issue of *Pensions & Investments*, and it is possible additional firms may come forward having seen the advertisement.

REGULAR CALENDAR

1. OLD AND ONGOING BUSINESS LIST

Shauna Rose, Executive Assistant, presented an oral report on this item.

The Board reviewed and discussed the Old and Ongoing Business List and engaged in a question and answer session.

Commissioner Meiberger asked for an actual date for the issue relating to the Analysis of Natural Resource Investments.

Commissioner Ellington gave a status update for Securities Litigation noting that on September 27, 2002, he met with Capital Markets Legal Consultants in NY and would like the SFERS to explore using their services.

ACTION: It was moved by Commissioner Meiberger, seconded by Commissioner Breall to approve the Old and Ongoing Business List as presented; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Ellington, McGoldrick, Meiberger

Absent: 2 - Driscoll, Wright

2. SEMI-ANNUAL REPORT ON CONCEPTS AND STATUS OF THE AUTOMATED RETIREMENT SYSTEM

Ron Puff, Information Systems Manager, presented a written and oral report on this item.

Commissioner Breall commented that improvements have been implemented to automate the system and the program is effective.

This was an informational item only, no action taken.

3. REQUEST TO ENCLOSE COMBINED CHARITIES CAMPAIGN CORRESPONDENCE IN THE OCTOBER OR NOVEMBER RETIREMENT ALLOWANCES

Shauna Rose, Executive Assistant, presented an oral report on this item.

ACTION: It was moved by Commissioner Meiberger, seconded by Ellington to approve the Request to Enclose Combined Charities Campaign Correspondence in the October or November Retirement Allowances; motion passed by the following vote:

Ayes: 5 – Breall, Casciato, Ellington, McGoldrick, Meiberger

Absent: 2 – Driscoll, Wright

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 4-02

2. DECISION OF HEARING OFFICER

- a. Joseph W. Barnes (Deceased)
Barbara J. Barnes
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date: May 1, 2002
Granted
- b. Stephen C. Christensen
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: December 14, 2001
Granted
- c. Lily S. Clements
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date: September 1, 2000
Granted
- d. Carlos E. Hernandez
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date: January 24, 2002
Granted
- e. Gary J. Lavaysse
H-30 Fire Captain – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: November 26, 2001
Granted
- f. Ronald G. Ray
Police Officer III – Police Dept.
Industrial Disability Retirement / Stipulation
Effective Date: August 3, 2001
Granted
- g. Frank Sims
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date: March 1, 2002
Granted

- h. Emile P. Unger
2763 Porter – Laguna Honda
Ordinary Disability Retirement / Stipulation
Effective Date: January 1, 2001 Granted
- i. Paul R. Vannelli
Deputy Sheriff – Sheriff's Dept.
PERS Granted
- j. Chuck L. Young
9163 Transit Operator – Muni
Ordinary Disability Retirement / Vesting
Effective Date: June 1, 2002 Granted

3. PETITION FOR REHEARING

Marco A. Contreras
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date: April 1, 2001 Denied

4. DISMISSAL OF DISABILITY RETIREMENT APPLICATION

Preciousa Cu

5. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

- a. Jeffrey L. Black
- b. Ernest Cleveland
- c. Colin A. Gardinier
- d. Michael T. Hursh
- e. Frances McCormick
- f. Joy L. Navarrete
- g. Johnson Ojo
- h. Cynthia B. Palomata
- i. Kendra Petrovsky
- j. Federico D. Rico, Jr.
- k. Rosalind A. Robinson

l. Joyce A. Watkins

m. Winston D. White

6. REQUEST AUTHORIZATION FOR DONALD HOLCHER, SENIOR INVESTMENT OFFICER TO ATTEND THE ADVISORY BOARD MEETING FOR RECP I AND RECP II TO BE HELD ON OCTOBER 21-25, 2002 IN TOKYO, JAPAN
7. REQUEST AUTHORIZATION FOR E. DAVID ELLINGTON, COMMISSIONER, TO ATTEND EDUCATIONAL MEETINGS (TA ASSOCIATES, HARBOURVEST PARTNERS, POLARIS VENTURE PARTNERS, AND ABRY PARTNERS) ON OCTOBER 15-18, 2002 IN BOSTON, MA
8. REQUEST AUTHORIZATION FOR E. DAVID ELLINGTON, COMMISSIONER, TO ATTEND THE PENSIONS 2000 WORLD PENSION FORUM V TO BE HELD ON OCTOBER 27-29, 2002 IN WASHINGTON, DC
9. REQUEST AUTHORIZATION FOR CLARE M. MURPHY, EXECUTIVE DIRECTOR, TO ATTEND THE 2002 MADISON DEARBORN PARTNERS ANNUAL INVESTOR MEETING ON OCTOBER 29-30, 2002 IN CHICAGO, IL
10. REQUEST AUTHORIZATION FOR HERB MEIBERGER, COMMISSIONER, TO ATTEND THE PLAN SPONSOR & PENSION FUND CONSULTANTS' CIRCLE TO BE HELD ON NOVEMBER 7-8, 2002 IN SAN FRANCISCO, CA

ACTION: It was moved by Commissioner Breall, seconded by Commissioner Ellington to approve the Consent Calendar as presented; motion passed by the following vote:
Ayes: 5 - Breall, Casciato, Ellington, McGoldrick, Meiberger
Absent: 2 Driscoll, Wright

EXECUTIVE DIRECTOR'S REPORT

1. Ms. Murphy updated the Board on the SFUSD Payroll issues.
2. DCP Update was given. Staff continues to work with ING fine-tuning transfer of assets and processing large number of individuals consolidating from other pension plans into the City's plans.
3. In September three retirement seminars were conducted, one mid-career, one pre-retirement and one seminar dedicated to firefighters. The mid career seminar was well attended by members. Evaluation questionnaires were presented to the attendees to assess these seminars.
4. The financial audit is in progress and the report should be completed in November.

5. The Board of Supervisors has voted to change its meeting date from every Monday to every Tuesday, effective 2/4/03. This change in meeting date will impact the Retirement Board as one of its members is a member of the Board of Supervisors.
6. Educational opportunities were presented to the Board.

BOARD MEMBER'S REPORTS

Commissioner Casciato gave an update on Commissioner Driscoll who is recovering from a recent accident.

Commissioner Casciato also expressed a desire to have Board members make reservations for travel far in advance to obtain economical airfares and lodging.

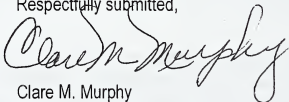
Commissioner Meiberger explained that he would not be able to participate with recommendations made by Cortex Applied Research, Inc., as he felt there was a conflict with the code of ethics established for a Financial Advisor.

Commissioner Ellington gave a summary of his recent trip to Cannes, France where he attended the Opal Financial Group 2nd Annual European Alternative & Institutional Investing Summits. He was not impressed with the conference and found that few fund managers attended the event. Conversely, he attended the Council of Institutional Investors conference in New York and found it informative. He also visited with several investment firms and which were educational.

NO CLOSED SESSION HELD

There being no further business, the Board adjourned its meeting at 3:45 PM, in memory of the men and women of the law enforcement and firefighter forces who have given their lives in the line of duty.

Respectfully submitted,



Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth all actions taken by the Retirement Board on the matters stated but not necessarily the chronological sequence in which the matters were considered.



MINUTES

DOCUMENTS DEPT.

DEC 10 2002

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

SAN FRANCISCO
PUBLIC LIBRARY

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

NOVEMBER 5, 2002

12:30 PM

Present:	Al Casciato	President
	William Breall	Vice-President
	E. David Ellington	Commissioner
	Herb Meiberger	Commissioner
	Jake McGoldrick	Commissioner
	Brenda Wright	Commissioner
Absent:	Joseph Driscoll	Commissioner
	Clare M. Murphy Retirement System	Executive Director

RETIREMENT BOARD REGULAR MEETING

NOVEMBER 5, 2002 MINUTES

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedures for the attendees.

Lois Black, representing SFERS, requested that her statement be included in the minutes. (See Attachment A) She thanked the Personnel Committee to have the position of Actuary report to the Retirement Board. She also asked that the position of secretary to the Retirement Board be filled.

MINUTES

MINUTES: Minutes of the regular meeting of October 1, 2002 submitted for approval.

ACTION: Approved as amended.

REGULAR CALENDAR

1. OLD AND ONGOING BUSINESS LIST

Shauna Rose, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Old and Ongoing Business List and the Board added commentary to the list.

ACTION: It was moved by Commissioner Breall, seconded by Commissioner Wright to approve the Old and Ongoing Business List with comments; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Ellington, Meiberger, Wright
Absent: 2 - Driscoll, McGoldrick

[Supervisor McGoldrick arrived at 12:40 PM]

2. REVIEW AND APPROVAL OF BUSINESS PLAN

Clare M. Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Business Plan and engaged in a question and answer session.

ACTION: It was moved by Commissioner Breall, seconded by Wright to approve the Business Plan; motion passed by the following vote:

Ayes: 6 – Breall, Casciato, Ellington, McGoldrick, Meiberger, Wright

Absent: 1 – Driscoll

3. BALLOT VOTE – APPROVE ADJUSTMENT OF DISABILITY RETIREMENT ALLOWANCE QUENTIN YARANON – RET. # A6378

Shauna Rose, Executive Assistant, presented a written and oral report to the Board on this item.

ACTION: The Board, by ballot vote, unanimously approved the adjustment of Disability Retirement Allowance for Quentin Yaranon; motion passed by the following vote:

Ayes: 6 – Breall, Casciato, Ellington, McGoldrick, Meiberger, Wright

Absent: 1 – Driscoll

4. RETIREMENT SYSTEM TRAVEL EXPENSE REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 2002

Clare M. Murphy, Executive Director, presented a written and oral report to the Board on this item.

This was an informational item only, no action taken.

5. BENEFIT INTERPRETATION POLICY QUARTERLY REPORT

Jay Huish, Deputy Director, presented a written and oral report to the Board on this item.

This was an informational item only, no action taken.

6. PERSONNEL COMMITTEE REPORT REGARDING THE ACTUARY POSITION

Commissioner Al Casciato presented an oral report to the Board on this item and asked that the Board approve forwarding the Actuary job description for review and posting to the Department of Human Resources.

ACTION: It was moved by Commissioner Breall, seconded by Meiberger to approve the report and forward job description to the Department of Human Resources; motion passed by the following vote:

Ayes: 5 – Breall, Casciato, Ellington, Meiberger, Wright

Absent: 2 – Driscoll, McGoldrick

7. REVIEW AND APPROVAL OF THE SFERS ANNUAL REPORT FOR FISCAL YEAR 2001-2002

Shauna Rose, Executive Assistant, presented a written and oral report to the Board on this item.

Commissioner Meiberger presented some text changes and requested they be incorporated into the Annual Report.

ACTION: It was moved by Meiberger, seconded by Ellington to approve the SFERS Annual Report with changes; motion passed by the following vote:

Ayes: 5 – Breall, Casciato, Ellington, Meiberger, Wright

Absent: 2 – Driscoll, McGoldrick

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 5-02

2. DECISION OF HEARING OFFICER

- a. Leslie F. Adams
Q-2 Police Officer – Police Dept.

	Industrial Disability Retirement / Stipulation		
	Effective Date:	July 26, 2001	Granted
b.	Thomas Bayner 2320 Registered Nurse – DPH Ordinary Disability Retirement		
	Effective Date:	July 1, 2001	Granted
c.	James S. Beem H-3 Firefighter – Fire Dept. Industrial Disability Retirement		
	Effective Date:	September 14, 2002	Denied
d.	Evangeline H. Bruce 1674 Dir. Acct. & Systems – Controller's Ordinary Disability Retirement		
	Effective Date:	October 1, 2002	Granted
e.	Patricia J. Caulfield (Deceased) H20 Lieutenant – Fire Dept. Death as a Result of Duty		
	Effective Date:	June 11, 2002	Granted
f.	Rolando P. Cruz (Deceased) 7373 Sr. Stationary Engineer Ordinary Disability Retirement / Stipulation		
	Effective Date:	October 1, 2001	Granted
g.	David Depucci 9139 Inspector Transit Supervisor– Muni Ordinary Disability Retirement / Stipulation		
	Effective Date:	August 16, 2002	Granted
h.	Michael V. Fitzgerald H-2 Firefighter – Fire Dept. Industrial Disability Retirement / Stipulation		
	Effective Date:	April 21, 2001	Granted
i.	William J. Flaherty 1004 IS Operator – PUC Ordinary Disability Retirement / Stipulation		
	Effective Date:	March 2, 2002	Granted
j.	Carmen R. Fournet 3417 Gardener – Recreation & Park Ordinary Disability Retirement		

	Effective Date:	June 1, 2002	Granted
k.	Chi Wah Fu 2708 Custodian – DPW Ordinary Disability Retirement Effective Date:	February 1, 2002	Denied
l.	Nonie C. Inyang 2913 Prog. Specialist – DHS Ordinary Disability Retirement Effective Date:	January 1, 2002	Granted
m.	Carol E. McNesby 3284 Recreation Director – Recreation & Park Ordinary Disability Retirement / Vesting Effective Date:	September 28, 2002	Granted
n.	Elsie V. Milan 2302 Certified Nurse – Laguna Honda Ordinary Disability Retirement / Stipulation Effective Date:	January 1, 2000	Denied
o.	Richard D. Mize H-2 Firefighter – Fire Dept. Industrial Disability Retirement / Stipulation Effective Date:	May 20, 2002	Granted
p.	James J. O'Connor H-30 Captain – Fire Dept. Industrial Disability Retirement / Stipulation Effective Date:	March 14, 2001	Granted
q.	Michael E. O'Leary H-2 Firefighter – Fire Dept. Industrial Disability Retirement / Stipulation Effective Date:	October 2, 2001	Granted
r.	Miguel Ortega 8214 Parking Control Officer – Parking & Traffic Ordinary Disability Retirement / Vesting Effective Date:	December 21, 2001	Granted
s.	Timothy J. Pankowski H-1 Paramedic – Fire Dept. Industrial Disability Retirement Effective Date:	December 15, 2000	Granted

- | | | | |
|----|--|-------------------|---------|
| t. | Vernon L. Pierson II
7372 Stationary Engineer – PUC
Ordinary Disability Retirement
Effective Date: | May 15, 2001 | Denied |
| u. | Tavita Siataga
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date: | July 1, 2001 | Denied |
| v. | Norma E. Stone
9131 Station Agent – Muni
Ordinary Disability Retirement / Vesting
Effective Date: | April 1, 2002 | Granted |
| w. | John E. Thelen
Q-4 Police Officer – Police Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | January 6, 2002 | Granted |
| x. | Leonard J. Venturi
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | November 25, 2000 | Granted |
| y. | Charlie P. Villanueva
1630 Account Clerk – DHR
Ordinary Disability Retirement
Effective Date: | August 1, 2001 | Granted |
| z. | Jeannette P. Wilson
1704 Communications Dispatcher – PUC
Ordinary Disability Retirement / Stipulation
Effective Date: | January 6, 1999 | Denied |

3. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

- a. Herdacene Bell
- b. Yvette Hannah
- c. Glenn Juco
- d. Victor Le

- e. Roger Martinez
 - f. Susan Rahman
 - g. Marvetia Richardson
 - h. Grace Secondez
 - i. Annette Spears
 - j. Millicent Thomas
 - k. Lara Weitz
 - l. Harold Windom
- 4. REQUEST AUTHORIZATION FOR E. DAVID ELLINGTON AND BRENDA WRIGHT, COMMISSIONERS, TO ATTEND THE 6TH ANNUAL PLAN SPONSOR & PENSION FUND CONSULTANTS' CIRCLE TO BE HELD ON NOVEMBER 7-8, 2002 IN SAN FRANCISCO, CA
 - 5. REQUEST AUTHORIZATION FOR HERB MEIBERGER, COMMISSIONER, TO CONDUCT DUE DILIGENCE AND ATTEND THE 7TH ANNUAL SUPER BOWL OF INDEXING TO BE HELD ON DECEMBER 6-11, 2002 IN PHOENIX, AZ
 - 6. REQUEST AUTHORIZATION FOR DAVID KUSHNER, DEPUTY DIRECTOR FOR INVESTMENTS, TO ATTEND THE EMERGING MARKETS FORUM, TO BE HELD ON JANUARY 22-23, 2003 IN DALLAS, TX
 - 7. REQUEST AUTHORIZATION FOR E. DAVID ELLINGTON, COMMISSIONER, TO ATTEND EDUCATIONAL MEETINGS ON NOVEMBER 13-14, 2002 IN CHICAGO, IL AND ALSO ON DECEMBER 9-13, 2002 IN DALLAS, TX
 - 8. REQUEST AUTHORIZATION FOR CARL WILBERG, SENIOR INVESTMENT OFFICER, TO ATTEND THE 7TH ANNUAL SUPER BOWL OF INDEXING TO BE HELD ON DECEMBER 8-11, 2002 IN PHOENIX, AZ

ACTION: It was moved by Commissioner , seconded by Ellington to approve the Consent Calendar as presented; motion passed by the following vote:
Ayes: 5 - Breall, Casciato, Ellington, Meiberger, Wright
Absent: 2 - Driscoll, McGoldrick

EXECUTIVE DIRECTOR'S REPORT

1. Ms. Murphy informed the Board that ING has agreed to remove the fees which participants are required to pay on non-ING investment opportunities known as the daily asset charge.
2. Ms. Murphy reported that at the October meeting there were a few discrepancies noted in the KPMG Analysis on the San Francisco Deferred Compensation Investment Performance which have been reviewed by staff of ING and explanations and corrective procedures are in place.
3. Ms. Murphy informed the Board that Retirement continues to post SFUSD pay periods and we still have two significant historical payrolls that have not been posted. The Auditor has raised questions about the covered gross salaries components for SFUSD and SFCCD and those items are being reviewed by SFUSD accounting division.
4. Ms. Murphy provided the Board with the Educational Opportunities List and asked Board members to notify staff if they are interested in attending any of the conferences.
5. Ms. Murphy briefed the Board on her recent attendance and presentation to the Institutional Investor Consultant's Conference. She informed the Board that a number of representatives from the public and foundation world attended the conference.
6. Ms. Murphy informed the Board about Proposition H (the proposition to increase retirement benefits for police and firefighters). She noted that it had a number of components, one that will be first in priority is, the requirement for those members who became a member most recently on or before 1976, must make an election prior to 12/31/02. Staff is working on implementation of this Charter amendment should it successfully pass on 11/5/02.
7. Ms. Murphy informed the Board that communications to participants of the Deferred Compensation Plan have been sent informing them of the removal of daily asset fee plus a reminder that they can use to increase their deferral, effective 1/1/03 to \$12,000 over the course of the calendar year. Additionally if participants reach the age of 50 by 2003, then they can defer \$14,000 annually. Individuals who are in the "catch-up" status can raise the deferral amount to \$24,000 over the course of that year.
8. Ms. Murphy notified the Board that CALAPRS will be sending formal invitations to their Trustee training workshop that is conducted in conjunction with Stanford Law School in March of 2003. A number of Board members have attended in the past and found it beneficial.

[Commissioner McGoldrick left the meeting]

INVESTMENT CALENDAR

1. Educational Session on Alternative Investments

David Kushner, Deputy Director for Investments, Investments and Barbara Lynch of Cambridge Associates, presented a written and oral report to the Board on this item.

This was an informational item only, no action taken.

2. REVIEW AND APPROVAL OF RETIREMENT BOARD GENERAL CONSULTANT EVALUATION

David Kushner, Deputy Director for Investments, and Kim Navarro of Cooper Consultants, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the General Consultant Evaluation and engaged in a question and answer session.

ACTION: It was moved by Commissioner Ellington, seconded by Wright to approve the General Consultant Evaluation; motion passed by the following vote:

Ayes: 5, Breall, Casciato, Ellington, Meiberger, Wright

Absent: 2, Driscoll, McGoldrick

3. EDUCATIONAL SESSION ON CONVERTIBLE INVESTING

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented an oral report to the Board on this item.

Commissioner Meiberger requested to see the supporting data, the finalists, RFPs and scoring sheets before he renders his final decision.

This was an informational item only, no action taken

4. REVIEW AND APPROVAL OF REQUEST FOR PROPOSAL FOR EAFE VALUE (INTERNATIONAL EQUITY) INVESTMENT MANAGER

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on this item.

The RFP will be released November 6, 2002 and it will appear in Pensions & Investments and it will be well publicized. We will encourage them to submit information in the investor database.

Commissioner Meiberger recommended a change to the fee bid requirements.

ACTION: It was moved by Meiberger, seconded by Ellington to approve RFP for EAFE Value (International Equity) Investment Manager; motion passed by the following vote:

Ayes: 5 – Breall, Casciato, Ellington, Meiberger, Wright

Absent: 2 – Driscoll, McGoldrick

5. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

a. Proxy Votes

No Proxy issues.

b. Investment Portfolio Developments: Recent Developments and Updates – Discussion Only

The Deputy Director for Investments (DDI) reported that, as of 11/4/02, the fund value was approximately \$9.9 billion. The DDI noted the cash account projections reflect 2- month projections for the Benefit/Expense account, and two and six month projections for the Investment Cash account. Under the Investment Policy adopted in August, the DDI informed the Board that the benefits account will not be allowed to drop below one month's expected requirements, or approximately \$27 million.

Regarding Asset Allocation, the DDI noted we are currently out of compliance in both Fixed Income and Real Estate. The DDI informed the Board that we are moving approximately \$300 million from the Fixed Income portfolios to the Domestic and International Equity portfolios. \$100 million of this has already been raised and will be reallocated to existing managers based on sub-asset class allocation considerations. In the Real Estate area, our buy down of the AMB interest approved by the Board in August will be completed within the next few days and will total approximately \$39 million.

Regarding manager specific information, we have added Nicholas Applegate to the list of managers under review due to changes in organizational structure and realignment of responsibilities among key personnel. While a materially negative result from these changes is not currently anticipated, our policy nevertheless requires that we pay more diligence to managers who undergo these types of changes. Furthermore, Nicholas Applegate has requested, and we have approved, a change in their investment guidelines, increasing the number of names in the small cap portfolio from 100-150 to 150-200.

The DDI informed the Board that the Custody RFP was released last week, and as requested, copies have been forwarded to each member of the Board. As of today, eleven firms have requested the RFP.

Finally, the DDI reported that we are conducting interviews with four finalists for the Convertible Securities mandate at the end of this week, and expect to have a recommendation for a selection to the Board at our next meeting.

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

1. PROXY VOTE VANGUARD 500 INDEX FUND ING LIFE INSURANCE AND ANNUITY COMPANY

Clare M. Murphy, Executive Director, presented a written and oral report to the Board on this item.

ACTION: The Board, by ballot vote, approved the proxy vote Vanguard 500 Index Fund ING Life Insurance and Annuity Company; the ballot vote was as follows:

Ayes: 4 – Breall, Casciato, Ellington, Meiberger
Absent: 3 – Driscoll, McGoldrick, Wright

BOARD MEMBER'S REPORTS

(Board members may report on Board related activities and raise questions/issues for consideration at future meetings. For information only.)

1. Commissioner Meiberger reported to the Board on his recent attendance at the CALAPRS Trustees' Roundtable.
2. Commissioner Ellington reported to the Board on his recent attendance to the World Pensions Forum. He also noted that he sent a memo to President Casciato recommending two books that all trustees should read.
3. Commissioner Casciato requested that the Executive Assistant maintain a record of how many Retirement Board committee meetings are held during the quarter.
4. Commissioner Ellington commended President Casciato on his selection as the National Latino Peace Officers Association 2002 Vicente Calderon Hispanic Officer of the Year.

VOTE ON WHETHER TO HOLD A CLOSED SESSION TO CONFER WITH LEGAL COUNSEL

ACTION: It was moved by Commissioner Breall, seconded by Ellington, to hold a Closed Session to confer with Legal Counsel; motion passed by the following votes:
Ayes: 4 – Breall, Casciato, Ellington, Meiberger
Absent: 3 – Driscoll, McGoldrick, Wright

CLOSED SESSION

STARTED PM

ENDED PM

Present: President Casciato
Vice-President Breall
Commissioner Ellington
Commissioner Meiberger
Clare M. Murphy, Executive Director
Jay Huish, Deputy Director
Shauna Rose, Executive Assistant
Dan Maguire, Deputy City Attorney

Absent: Commissioner Driscoll, McGoldrick, Wright

Pursuant to the Ralph M. Brown Act, Government Code Section 54956.9 and the Sunshine Act, San Francisco Administrative Code Section 67.10, the Retirement Board will meet in closed session.

CONFERENCE WITH LEGAL COUNSEL – POTENTIAL SECURITIES LITIGATION CASE Subdivision (c) of Government Code §54956.9, Administrative Code §67.11

One Case. As plaintiff.

Reconvene in open session:

- A) Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.14(a).)

ACTION: It was moved by Commissioner Ellington, seconded by Meiberger, to disclose only part of the discussion held in closed session; motion was passed by the following votes:

Ayes: 4 – Breall, Casciato, Ellington, Meiberger

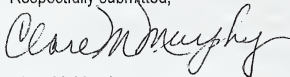
Absent: 3 – Driscoll, McGoldrick, Wright

- B) Report on action taken in closed session. (Government Code section 54957.1 and San Francisco Administrative Code section 67.14(b)(2).

Dan Maguire, Deputy City Attorney, explained that in Closed Session, the Board authorized the City Attorney to engage the Law Firm of Milberg Weiss and to file or join in litigation against WorldCom and other defendants related to losses incurred on SFERS ownership of WorldCom bonds.

There being no further business, the Board
adjourned its meeting at 4:05 PM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Clare M. Murphy". The signature is fluid and cursive, with the first name "Clare" being more prominent.

Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth all actions taken by the Retirement Board on the matters stated but not necessarily the chronological sequence in which the matters were considered.



MINUTES

RETIREMENT BOARD CITY AND COUNTY OF SAN FRANCISCO

30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

3/02

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

DECEMBER 3, 2002

12:30 PM

Present: Al Casciato President

William Breall Vice-President

Joseph Driscoll Commissioner

E. David Ellington Commissioner

Herb Meiburger Commissioner

Brenda Wright Commissioner

Absent: Jake McGoldrick Supervisor

Clare M. Murphy Executive Director
Retirement System

DOCUMENTS DEPT.

JAN 15 2003

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RETIREMENT BOARD REGULAR MEETING

DECEMBER 3, 2002 MINUTES

President Casciato opened the meeting by welcoming back fellow Commissioner Joe Driscoll, who has been absent for some time due to Military Leave and a recent accident.

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedures for the attendees.

Lois Black, Shop Steward for SEIU, requested that her statement be included in the minutes. (See Attachment A). She voiced her concern about the job announcement and procedures utilized for the interview process for hiring of the SFERS' Deferred Compensation Manager.

MINUTES

MINUTES: Minutes of the regular meeting of November 5, 2002 submitted for approval.

ACTION: Approved as submitted.

REGULAR CALENDAR

1. REVIEW OF ACTUARIAL EXPERIENCE ANALYSIS AND ADOPTION OF ECONOMIC ASSUMPTIONS

Leslie Finertie of Towers Perrin, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Actuarial Experience Analysis and Adoption of Economic Assumptions.

ACTION: It was moved by Commissioner Breall, seconded by Commissioner Meiberger to adopt the Economic Assumptions; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Wright
Absent: 1 - McGoldrick

2. OLD AND ONGOING BUSINESS LIST

Shauna Rose, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Old and Ongoing Business List.

ACTION: It was moved by Commissioner Wright, seconded by Driscoll, to approve the Old and Ongoing Business List; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Wright
Absent: 1 - McGoldrick

3. FINAL REVIEW AND APPROVAL OF THE SFERS ANNUAL REPORT

Shauna Rose, Executive Assistant, presented a written and oral report to the Board on this item.

ACTION: It was moved by Commissioner Meiberger, seconded by Wright to approve the SFERS Annual Report; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Wright
Absent: 1 - McGoldrick

4. APPROVAL OF AMENDMENT TO RESOLUTION 58 REVISING CURRENT METHOD OF DOMESTIC RELATIONS PAYMENTS (GILLMORE PAYMENTS)

Maria Newport, Administrator Retirement Services, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Amendment to Resolution 58 Revising Current Method of Domestic Relations Payments (Gillmore Payments)

ACTION: It was moved by Commissioner Driscoll, seconded by Meiberger to approve amendment to Resolution 58 Revising Current Method of Domestic Relations Payments (Gillmore Payments); motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Wright
Absent: 1 - McGoldrick

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 6-02
2. DECISION OF HEARING OFFICER
 - a. Maryanne Arsenault
2320 Critical Care Nurse – SFGH
Ordinary Disability Retirement
Effective Date: August 19, 2002
Granted
 - b. Rosanna I. Baniyas
1222 Sr. Payroll/Personnel – Fire Dept.
Ordinary Disability Retirement
Effective Date: September 28, 2001
Granted
 - c. Lynne Benson-Colbert
H-1 Firefighter – Fire Dept.
Industrial Disability Retirement
Effective Date: November 13, 2001
Granted
 - d. Tamara L. Borok
1802 Research Assistant – Police Dept.
Ordinary Disability Retirement
Effective Date: January 2, 2003
Granted
 - e. Le E. Brooks
2305 Lic. Psychiatric Technician – DPH
Ordinary Disability Retirement / Stipulation
Effective Date: January 26, 2002
Granted
 - f. Cornelia A. Duque
4308 Sr. Collection Officer – Tax Collector Dept.
Ordinary Disability Retirement
Effective Date: August 17, 2002
Granted
 - g. Edward R. Hambrick
7381 Auto Mechanic – Muni
Ordinary Disability Retirement
Effective Date: October 1, 2002
Granted

- | | | |
|----|---|---------|
| h. | Joseph F. Kennedy
0382 Inspector III – Police Dept.
Industrial Disability Retirement / Stipulation
Effective Date: July 21, 2001 | Granted |
| i. | Peter Ladanowsky
7215 Supervisor I – DPW
Ordinary Disability Retirement / Vesting
Effective Date: April 1, 2002 | Granted |
| j. | Jean M. LaFountain
2320 Registered Nurse – DPH
Ordinary Disability Retirement / Stipulation
Effective Date: April 27, 2002 | Granted |
| k. | Caroline M. Paul
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement
Effective Date: October 21, 2002 | Granted |
| l. | Vicki Rooker
H-1 Paramedic/ Firefighter – Fire Dept.
Industrial Disability Retirement
Effective Date: January 2, 2003 | Granted |
| m. | Eduardo A. Tambo-Ong
2736 Porter – DPH
Ordinary Disability Retirement
Effective Date: November 1, 2002 | Granted |

3. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

- a. Francisco J. Aguilar
- b. Geraldine Davis
- c. Helen Johnson
- d. Sonia G. Navarro
- e. Warren T. Robinson, III
- f. Chris T. Whiley
- g. Barry Wood

4. REQUEST AUTHORIZATION FOR E. DAVID ELLINGTON, COMMISSIONER, TO ATTEND EDUCATIONAL MEETINGS IN SOUTHERN CALIFORNIA ON JANUARY 12-14, 2003
5. REQUEST AUTHORIZATION FOR HERB MEIBERGER, COMMISSIONER, TO ATTEND THE PACIFIC PENSION INSTITUTE'S WINTER ROUNDTABLE TO BE HELD ON JANUARY 29-31, 2003 IN DEL MAR, CA
6. REQUEST AUTHORIZATION FOR E. DAVID ELLINGTON, COMMISSIONER, TO ATTEND THE ALTERNATIVE INVESTMENTS V CONFERENCE TO BE HELD ON FEBRUARY 23-26, 2003 IN PALM BEACH, FL
7. REQUEST AUTHORIZATION FOR MARK COLEMAN, SECURITY ANALYST, TO ATTEND THE INSTITUTIONAL SHAREHOLDER SERVICES (ISS) ANNUAL CORPORATE GOVERNANCE CONFERENCE TO BE HELD ON FEBRUARY 26-27, 2003 IN NEW YORK, NY
8. REQUEST AUTHORIZATION FOR BOARD MEMBERS TO ATTEND THE CALAPRS GENERAL ASSEMBLY TO BE HELD ON MARCH 9-12, 2003 IN MONTEREY, CA
9. REQUEST AUTHORIZATION FOR BOARD MEMBERS TO ATTEND THE CALAPRS BASIC PRINCIPLES OF PENSION MANAGEMENT TO BE HELD ON MARCH 25-28, 2003 IN STANFORD, CA

ACTION: It was moved by Commissioner Breall, seconded by Meiberger to approve the Consent Calendar as presented; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Wright
Absent: 1 - McGoldrick

[RECESS 1:45 – 1:55 PM]

EXECUTIVE DIRECTOR'S REPORT

1. The Executive Director updated the Retirement Board on payroll issues with SFUSD and SFCCD. The SFERS audit recommends that a monthly reconciliation with SFUSD and SFCCD be established to ensure that the cash flows are reported for each entity and audited on a monthly basis. Staff is working with the School and Community College District to ensure that this practice is implemented.
2. The Executive Director referenced the recent report submitted from ING for the period ending 10/31/02.

3. The Executive Director introduced the SFERS' new Deferred Compensation Manager, Carol Cypert.
4. The Executive Director gave a lengthy report on the implementation of Proposition H:
 - On 10/18/02 staff delivered to SFPD and SFFD the appropriate number of ballots and information packets for the affected personnel, 230 for Police Department and 286 for Fire Department.
 - Staff has received 66.1% of the elections as of close of business 12/2/02. 100% of those persons have elected to accept the benefits of Proposition H changes.
 - Staff will attempt to contact the individuals who have not responded to the election ballot.
 - Member Services Division has counseled many members, approximately 3-4 members each day.
 - Staff is preparing summary plan booklets for those members not subject to waiver election.
5. The Executive Director explained that the Mayor's office has delivered budget instructions for 2003-04. Staff will prepare a preliminary budget for the 1/7/03 Board meeting. The budget instructions are generic in nature and asks for a 6% cut.
6. The Executive Director invited Board members to attend the SFERS Holiday party, which will be held on Friday, December 13, 2002.
7. The Executive Director informed the Retirement Board of the educational opportunities available to Board members. She further noted that CALAPRS will be conducting its Trustee education meeting on 3/26-3/28/03 in Stanford California. Staff is limited to having two trustees participate in this conference and asked the Board to inform her of their availability to attend this meeting.
8. The Executive Director commended Jay Huish, Deputy Director, SFERS, and Ron Puff and Edna Ho from DTIS, for their efforts to implement a major system enhancement, People Soft Pension Administration software program. The program allows SFERS to calculate benefits for members, and an on-line database for participants. Staff and representatives from DTIS have worked diligently to transition and implement this new program. She commended the staff and further noted that a gathering will be held next month to recognize others who worked on this new technology program.

INVESTMENT CALENDAR

1. REVIEW OF FUND PERFORMANCE FOR QUARTER ENDED SEPTEMBER 30, 2002

Leslie Kautz of Angeles Investment Advisors, and David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

This was an information item only, no action taken.

2. REPORT ON COMMISSIONS GENERATED DURING QUARTER ENDED SEPTEMBER 30, 2002

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

This was an informational item only, no action taken.

3. SEMI-ANNUAL ALTERNATIVE INVESTMENTS PERFORMANCE REVIEW AS OF JUNE 30, 2002

Barbara Lynch of Cambridge Associates, Glen Schwartz, Senior Investment Officer and Wen Ling Chin, Security Analyst, presented a written and oral report to the Board on this item.

This was an informational item only, no action taken.

4. RECOMMENDATION FOR APPROVAL OF CHANGE IN INVESTMENT POLICY SUB-ASSET CLASS TARGETS

Leslie Kautz of Angeles Investment Advisors, David Kushner, Deputy Director for Investments, and Carl Wilberg, Senior Investment Officer, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the recommendation for approval of change in Investment Policy Sub Asset Class Targets.

A. RECOMMENDATION FOR REVISION TO S&P 500 INDEX FUND TO ALLOW USE OF EXCHANGE TRADED FUNDS (ETFs)

ACTION: It was moved by Commissioner Meiberger, seconded by Commissioner Breall to add the S&P 500 Exchange Traded funds (ETFs) and index funds guidelines recommended by the staff; motion passed by the following vote:
Ayes: 6 – Breall, Casciato, Driscoll, Ellington, Meiberger, Wright
Absent: 1 – McGoldrick

B. RECOMMENDATION FOR CREATION OF US EQUITY EXCHANGE TRADED FUNDS (RUSSELL 3000) INVESTMENT GUIDELINES

ACTION: It was moved by Commissioner Meiberger, seconded by Breall to create a sub asset class for the Equity Exchange Traded Funds (Russell 3000) Investment Guidelines.

Motion passed by the following vote:
Ayes: 6 – Breall, Casciato, Driscoll, Ellington, Meiberger, Wright
Absent: 1 – McGoldrick

C. RECOMMENDATION FOR CREATION OF INTERNATIONAL EQUITY EXCHANGE
TRADED FUNDS (EAFE INDEX) INVESTMENT GUIDELINES

ACTION: It was moved by Commissioner Meiberger, seconded by Breall to create an International Equity Exchange Traded Funds (EAFE Index) Investment Guidelines.

Motion passed by the following vote:
Ayes: 6 – Breall, Casciato, Driscoll, Ellington, Meiberger, Wright
Absent: 1 – McGoldrick

5. RECOMMENDATION FOR APPROVAL OF CONVERTIBLE SECURITIES MANAGERS

Leslie Kautz of Angeles Investment Advisors, David Kushner, Deputy Director for Investments, and Carl Wilberg, Senior Investment Officer, presented a written and oral report to the Board on this item.

ACTION: It was moved by Commissioner Wright, seconded by Breall to approve recommendation for approval of Convertible Securities Managers; motion passed by the following vote:
Ayes: 4 – Breall, Casciato, Ellington, Wright
Noes: 2 – Driscoll, Meiberger
Absent: 1 – McGoldrick

6. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

a. Proxy Votes

No Proxy issues.

b. Investment Portfolio Developments: Recent Developments and Updates – Discussion Only

- The Deputy Director for Investments (DDI) reported that, as of 11/29/02, the fund value was approximately \$10 billion. The DDI noted the cash account projections reflect 2-month projections for the Benefit/Expense account, and two and six month projections for the Investment Cash account. Under the Investment Policy adopted in August, the DDI informed the Board that, in conjunction with Asset Allocation rebalancing, \$50 million was moved into the Benefits account, bringing us close to the target of three months cash availability.

- Regarding Asset Allocation, the DDI noted we moved approximately \$300 million from the Fixed Income portfolios to the Domestic and International Equity portfolios. The DDI further noted that, with the exception of Real Estate, the broad asset classes were all in compliance with stated policy objectives.
- The DDI informed the Board that we received five responses to the Custody RFP, and staff is currently reviewing and scoring the proposals. Furthermore, the DDI informed the Board that the EAFE Value RFP had been released and responses are due back by December 13th.
- Finally, the DDI distributed to the Board members copies of two recent articles regarding Alternative Investments for informational purposes.

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

1. REPORT ON NEW 2003 DEFERRAL LIMITS

Carol Cypert, Deferred Compensation Manager, presented an oral report to the Board on this item.

This was an informational item only, no action taken.

BOARD MEMBER'S REPORTS

(Board members may report on Board related activities and raise questions/issues for consideration at future meetings. For information only.)

1. Commissioner Breall suggested that perhaps one board member should be allowed to listen and participate in the interview process for managers and consultants. Commissioner Ellington suggested that this item should be calendared for consideration before the Governance Committee.
2. Commissioner Breall made an inquiry to Deputy City Attorney Dan Maguire about the recent conflict of interest memo distributed by City Attorney, Dennis Herrera. Mr. Maguire highlighted the new provision to the California Political Reform Act Regarding Announcement of Conflicts of Interest.

3. In response to Commissioner Ellington's request for clarification on Mr. Vince Courtney's letter to meet and confer on disability issues, Ms. Murphy explained that SFERS staff and the City Attorney's Office will meet on this issue the week of December 2, 2002.
4. Commissioner Ellington noted for the record that at the 11/05/02 meeting the Retirement Board granted him authorization to travel to Texas in December, however, he has postponed this trip.
5. Commissioner Ellington gave a report on the Alternatives Committee meeting held the morning of December 3, 2002.
6. Commissioner Wright gave a report on Consultants Committee meeting of November 21, 2002. The Committee is due to meet in the month of March 2003.
7. Commissioner Casciato said that he has received favorable reviews on the newly formed Committees.
8. Commissioner Casciato noted that a few members had contacted him that they had received a solicitation about advances on their retirement. While he has been unable to see the correspondence he asked if any other Board or staff member saw the document to forward it to the City Attorney so that legal action can be taken against this illegal activity.

There being no further business, the Board adjourned its meeting at 4:15 pm in memory of Kathryn Terrell who passed away on November 25, 2002. Kathryn Terrell was the mother of Diane Terrell, staff member of the SFERS.

Respectfully submitted,


Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth all actions taken by the Retirement Board on the matters stated but not necessarily the chronological sequence in which the matters were considered.



MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

JANUARY 7, 2003

12:30 PM

Present: Al Casciato	President
William Breall	Vice-President
Joseph Driscoll	Commissioner
E. David Ellington	Commissioner
Jake McGoldrick	Supervisor
Herb Meiburger	Commissioner
Brenda Wright	Commissioner

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FEB 12 2003

Clare M. Murphy
Retirement System

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Executive Director

RETIREMENT BOARD REGULAR MEETING

JANUARY 7, 2003 MINUTES

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedures for the attendees. There were no comments at that time.

MINUTES

MINUTES: Minutes of the regular meeting of December 3, 2002 submitted for approval.

ACTION: Approved as amended.

REGULAR CALENDAR

[Commissioner Driscoll and McGoldrick arrived to the meeting during the following item]

1. REPORT ON ACTUARIAL VALUATION BASED ON JUNE 30, 2002 DATA

Leslie Finertie of Towers Perrin, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Actuarial Valuation and engaged in a question and answer session.

This was informational item only, no action was taken.

2. RECOMMENDATION TO APPROVE CITY RETIREMENT CONTRIBUTION RATES FOR FISCAL YEAR 2003 – 2004

Leslie Finertie of Towers Perrin, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the City Retirement contribution rates for fiscal year 2003-2004.

ACTION: It was moved by Commissioner Wright, seconded by McGoldrick, to approve City Retirement Contribution rate of "zero" for fiscal year 2003-2004; motion passed by the following vote:

Ayes: 6 - Casciato, Driscoll, Ellington, McGoldrick, Meiberger, Wright

Absent: 1 – Breall

[Commissioner Breall arrived at the meeting during the following item]

3. DETERMINATION AND APPROVAL OF CREDITED INTEREST RATE FOR FISCAL YEAR 2003 – 2004

Leslie Finertie of Towers Perrin, and Clare M. Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Credited Interest rate determination.

ACTION: It was moved by Commissioner Wright, seconded by McGoldrick to maintain the 6.25% credited interest rate for fiscal year 2003-2004; motion passed by the following vote:

Ayes: 6 – Breall, Casciato, Driscoll, Ellington, McGoldrick, Wright

Noes: 1 – Meiberger

4. OLD AND ONGOING BUSINESS LIST

Shauna Rose, Executive Assistant, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Old and Ongoing Business List.

ACTION: It was moved by Commissioner McGoldrick, seconded by Driscoll to approve the Old and Ongoing Business List; motion passed by the following vote:

Ayes: 7 – Breall, Casciato, Driscoll, Ellington, McGoldrick, Meiberger, Wright

[The Board recessed from 2:00 pm to 2:10 pm]

5. REVIEW OF PRELIMINARY SFERS BUDGET FOR FISCAL YEAR 2003-2004

Jay Huish, Deputy Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the preliminary SFERS Budget for Fiscal Year 2003-2004.

This was an informational item only, no action taken.

6. REPORT ON BOARD DEVELOPMENT

Al Casciato, Retirement Board President, presented an oral report to the Board on this item.

This was an informational item only, no action taken.

7. REQUEST AUTHORIZATION FOR E. DAVID ELLINGTON, COMMISSIONER, TO ATTEND THE WORLD PENSIONS FORUM TO BE HELD ON MAY 3-10, 2003 IN HONG KONG AND SHANGHAI, CHINA

Clare M. Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the travel request.

ACTION: It was moved by Commissioner Breall, seconded by Meiberger to approve authorization for Commissioner Ellington to attend the World Pensions Forum in Hong Kong and China; motion passed by the following vote:
Ayes: 7 – Breall, Casciato, Driscoll, Ellington, McGoldrick, Meiberger, Wright

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. VOLUNTARY RETIREMENT BOARD LIST NO. 7-02

2. DECISION OF HEARING OFFICER

- | | | | |
|----|--|------------------|---------|
| a. | Bertha A. Berliner
Q-2 Police Officer – Police Dept.
Death as a Result of Duty
Date of Death: | November 4, 2001 | Denied |
| b. | Monica S. Brooks
2320 Registered Nurse – DPH
Ordinary Disability Retirement
Effective Date: | July 1, 2002 | Granted |

- | | | | |
|----|---|------------------|---------|
| c. | Robert L. Darden
7346 Painter – Airport Dept.
Ordinary Disability Retirement
Effective Date: | February 1, 2002 | Granted |
| d. | Patricia M. Dolan
2940 Social Worker – DHS
Ordinary Disability Retirement
Effective Date: | August 1, 2001 | Granted |
| e. | Douglas Dryden
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement
Effective Date: | December 1, 2000 | Granted |
| f. | John Henderson
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: | July 7, 2001 | Granted |
| g. | Virgilio A. Mendoza
7410 Auto Service Worker – Muni
Ordinary Disability Retirement
Effective Date: | June 1, 2001 | Denied |
| h. | Beverly A. Smith
7316 Water Service Inspector – PUC
Ordinary Disability Retirement / Stipulation
Effective Date: | May 15, 2002 | Granted |
| i. | Frank Speranza
7388 Utility Plumber – PUC
Ordinary Disability Retirement / Stipulation
Effective Date: | July 1, 2002 | Granted |

3. PETITION FOR REHEARING

- | | | | |
|----|--|--------------------|--------|
| a. | James S. Beem
H-3 Firefighter/Paramedic – Fire dept.
Industrial Disability Retirement
Effective Date: | September 14, 2002 | Denied |
| b. | Chi Wah Fu
2708 Custodian – DPW
Ordinary Disability Retirement
Effective Date: | February 1, 2002 | Denied |

c. Jose R. Sandoval
2708 Custodian – SFUSD
Ordinary Disability Retirement / Vesting
Effective Date: July 2, 2001 Denied

4. REQUEST AUTHORIZATION FOR DAVID KUSHNER, DEPUTY DIRECTOR FOR INVESTMENTS, TO ATTEND THE EMERGING MARKETS FORUM AND CONDUCT DUE DILIGENCE MEETINGS WITH MANAGERS ON JANUARY 21-24, 2003 IN DALLAS, TX (REVISED)
5. REQUEST AUTHORIZATION FOR AN INVESTMENT REPRESENTATIVE TO ATTEND THE RREEF ELEVENTH ANNUAL SEPARATE ACCOUNT EDUCATIONAL SEMINAR TO BE HELD ON JANUARY 30 TO FEBRUARY 1, 2003, TO BE HELD IN PALM SPRINGS, CA
6. REQUEST AUTHORIZATION FOR BRENDA WRIGHT, COMMISSIONER, TO ATTEND THE RAINBOW/PUSH 2003 WALL STREET PROJECT TO BE HELD ON JANUARY 14-17, 2003 IN NEW YORK, NY
7. REQUEST AUTHORIZATION FOR BRENDA WRIGHT, COMMISSIONER, TO ATTEND THE COUNCIL OF LOUISIANA TRUSTEE (COLT) MARDI GRAS CONFERENCE TO BE HELD ON FEBRUARY 26-28, 2002 IN NEW ORLEANS, LA
8. REQUEST AUTHORIZATION FOR E. DAVID ELLINGTON, COMMISSIONER, TO ATTEND THE COUNCIL OF INSTITUTIONAL INVESTORS TO BE HELD ON MARCH 25-28, 2003 IN WASHINGTON, DC
9. REQUEST AUTHORIZATION FOR E. DAVID ELLINGTON, COMMISSIONER, TO ATTEND THE NCPERS 2003 ANNUAL CONFERENCE TO BE HELD ON MAY 16-17, 2003 IN DENVER, CO

ACTION: It was moved by Commissioner Breall, seconded by McGoldrick to approve the Consent Calendar as presented; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Ellington, McGoldrick, Meiberger, Wright
Noes: 1 - Driscoll

EXECUTIVE DIRECTOR'S REPORT

1. Ms. Murphy explained that there are still outstanding payrolls from the SFUSD which have not been posted to SFERS System. While it is an issue that SFERS staff continues to work on with the School District, it does not impact the System's ability to pay benefits to our members.
2. Ms. Murphy gave an update on Proposition H: The deadline to make an election to accept benefits adopted by the voters in November 2002 or to stay with the existing benefit was 12/31/02. One hundred percent of eligible police officers and firefighters made that election.

Staff was diligent in following through with the election process. Ms. Murphy commended Jay Huish who oversaw the election process and counseled individual members. There is a second election that will take place between now and 6/30/03 which relates to the City's Paramedics.

3. Ms. Murphy explained that the Board materials contain information on the ING account as well as a letter from ING explaining a change in the credited rate on SFERS fixed account. Effective 2/1/03 a 0.55% reduction in the base rate for the fixed account will be implemented; the current rate is 4.675%.
4. Ms. Murphy provided a list of educational opportunities for Board members. If any Board member is interested in attending any of these events, they should contact her office.
5. Ms. Murphy explained that the budget process for 2003-2004 is still unresolved. The budget itself includes a significant shortfall of approximately \$200Million. Staff will report monthly on the updates to the City's budgetary process.

INVESTMENT CALENDAR

1. APPROVE INVESTMENT GUIDELINES FOR CONVERTIBLES MANAGERS

David Kushner, Deputy Director for Investments and Carl Wilberg, Senior Investment Officer, presented a written and oral report to the Board on this item.

ACTION: It was moved by Commissioner Meiberger, seconded by Ellington to approve the Investment Guidelines for Convertibles Managers; motion passed by the following vote:

Ayes: 7 - Breall, Casciato, Driscoll, Ellington, McGoldrick, Meiberger, Wright

2. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

a. Proxy Votes

No Proxy issues.

b. Investment Portfolio Developments: Recent Developments and Updates – Discussion Only

The Deputy Director for Investments (DDI) provided an updated Asset Allocation report reflecting fund value and asset class exposures as of December 31, 2002. With the exception of Real Estate, which we are in the process of building to the 12% target, all

asset classes are in compliance with our strategic objectives. If we include unfunded commitments in the Real Estate allocation, we are at our 12% target. We expect these commitments to be drawn during the course of 2003.

The DDI also provided updated cash projections as of December 31, 2002, indicating the benefits account currently has just under two months anticipated requirements, while the Investment cash account increased by \$16 million primarily from the sale of a property which closed sooner than anticipated. The DDI also provided an update to the Investment Account cash flows, showing net increases in Real Estate (\$7.7 mil) and Alternatives (\$16.6 mil).

Regarding other fund issues, the DDI informed the Board we are currently evaluating 21 responses to our RFP for an EAFE Value Manager, and anticipates making a recommendation to the Board for manager selection by the March Board meeting. Regarding our Custody search, we are finalizing the evaluations of the respondents and expect to have additional information to report at our next meeting.

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

1. REQUEST TO WITHDRAW FUNDS FROM DEFERRED COMPENSATION PLAN

- a. Keith Baraka
- b. Emma Harper
- c. Alfreda L. Ledbetter
- d. Freda C. McClendon
- e. Keith Ybarreta
- f. Lai Lai Yu
- g. Henry W. Schulz

ACTION: It was moved by Commissioner Breall, seconded by Wright, to approve the Deferred Compensation Plan consent calendar; motion passed by the following vote:

Ayes: 7 - Breall, Casciato, Driscoll, Ellington, McGoldrick, Meiberger, Wright

2. REQUEST FOR PROPOSAL FOR CONSULTANT TO ASSIST IN (1) THE REVIEW OF PLAN ADMINISTRATION AND (2) PREPARATION OF RFP FOR PLAN ADMINISTRATOR FOR THE SAN FRANCISCO CITY & COUNTY DEFERRED COMPENSATION PLAN

Carol Cypert, Deferred Compensation Manager, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the RFP for a Consultant.

ACTION: It was moved by Commissioner McGoldrick, seconded by Driscoll, to approve RFP for Consultant to assist in (1) the review of Plan Administration and (2) preparation of RFP for Plan Administrator for the San Francisco City & County Deferred Compensation Plan; motion passed by the following vote:
Ayes: 5 – Casciato, Driscoll, Ellington, McGoldrick, Wright
Noes: 2 – Breall, Meiberger

BOARD MEMBER'S REPORTS

(Board members may report on Board related activities and raise questions/issues for consideration at future meetings. For information only.)

1. Commissioner Ellington explained that the Alternatives Committee did not meet; but hoped to meet prior to the February Board meeting.
2. Commissioner Ellington gave a report on the Governance Committee which met today. The Committee reviewed the terms of reference, rules of conduct, and determined priorities for future agendas of the committee.
3. Commissioner Meiberger noted that the change in Board of Supervisors weekly meetings from Mondays to Tuesdays would create problems for the Retirement Board meetings which also are scheduled on this day of the week. Additionally, Tuesday meetings often causes problems with holidays falling early in the month.
4. Commissioner Meiberger updated the Board on his recent attendance to the Super Bowl of Indexing, held in Phoenix, AZ. He also included some information on hedging and hedging of portfolios.
5. President Casciato explained that Andrea Gourdine, of the Human Resources Department, is working on the Actuary position recruitment process.

6. President Casciato asked the Board members to give their expectations of a Commission Secretary to the Retirement Board. He asked to receive their comments by January 22, 2003. The Department of Human resources will have to classify the position based on duties and responsibilities.

[The Board recessed from 3:45-3:50 pm]

VOTE ON WHETHER TO HOLD A CLOSED SESSION TO CONFER WITH LEGAL COUNSEL

ACTION: It was moved by Commissioner Breall, seconded by McGoldrick, to hold a Closed Session to confer with Legal Counsel; motion passed by the following vote:
Ayes: 7 – Breall, Casciato, Driscoll, Ellington, McGoldrick, Meiberger, Wright

CLOSED SESSION

STARTED 3:45 PM

ENDED 5:05 PM

Present: President Casciato
Vice-President Breall
Commissioner Driscoll
Commissioner Ellington
Supervisor McGoldrick
Commissioner Meiberger
Commissioner Wright
Dan Maguire, Deputy City Attorney

Pursuant to the Ralph M. Brown Act, Government Code Section 54956.9 and the Sunshine Act, San Francisco Administrative Code Section 67.10, the Retirement Board will meet in closed session.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

As Defendant

Government Code §54956.9(b)(1); S.F. Administrative Code §67.11

Two cases

The Retirement Board reconvened in open session at 5:05 p.m.

- A) Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.14(a).)

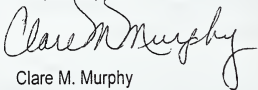
ACTION: It was moved by Commissioner Ellington, seconded by Driscoll, not to disclose the discussion held in closed session; motion was passed by the following vote:
Ayes: 7 – Breall, Casciato, Driscoll, Ellington, McGoldrick, Meiberger, Wright

- B) Report on action taken in closed session. (Government Code section 54957.1 and San Francisco Administrative Code section 67.14(b)(2).)

NO ACTION TAKEN

There being no further business, the Board adjourned its meeting in memory of Manuel Resendez who passed away on December 24, 2002. Manuel Resendez was the father of Eric Resendez, staff member of the SFERS. Meeting ended at 5:15 pm.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Clare M. Murphy". The signature is fluid and cursive, with the first name "Clare" and last name "Murphy" clearly distinguishable.

Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth all actions taken by the Retirement Board on the matters stated but not necessarily the chronological sequence in which the matters were considered.



MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

FEBRUARY 4, 2003

12:30 PM

Present: Al Casciato	President
William Breall	Vice-President
Joseph Driscoll	Commissioner
E. David Ellington	Commissioner
Herb Meiberger	Commissioner
Gerardo Sandoval	Supervisor
Brenda Wright	Commissioner

DOCUMENTS DEPT.

MAR 13 2003

Clare M. Murphy
Retirement System

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Executive Director

RETIREMENT BOARD REGULAR MEETING

FEBRUARY 4, 2003 MINUTES

PUBLIC COMMENT

President Casciato reviewed the Public Comment procedures for the attendees. There were no comments at that time.

MINUTES

MINUTES: Minutes of the regular meeting of January 7, 2003 submitted for approval.

ACTION: Approved as amended.

REGULAR CALENDAR

1. OLD AND ONGOING BUSINESS LIST

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the Old and Ongoing Business List and engaged in a question and answer session.

ACTION: It was moved by Commissioner Meiberger, seconded by Breall, approve the Old and Ongoing Business List; motion passed by the following vote:
Ayes: 7 – Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

2. RESOLUTION COMMENDING RAUL ALVAREZ ON THE OCCASION OF HIS RETIREMENT

Clare M. Murphy, Executive Director, presented a written and oral report on this item.

The Board reviewed the resolution for Raul Alvarez on the occasion of his retirement.

ACTION: It was moved by Breall, seconded by Meiberger to approve the resolution for Raul Alvarez; motion passed by the following vote:
Ayes: 7 – Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

3. **RETIREMENT SYSTEM TRAVEL EXPENSE REPORT FOR THE PERIOD ENDING DECEMBER 31, 2002**

Clare M. Murphy, Executive Director, presented an oral report on this item.

The Board reviewed and discussed the travel expense report.

This was an information item only, no action taken.

4. **SEMI-ANNUAL REVIEW OF THE DISABILITY RETIREMENT HEARING PROCESS**

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the disability retirement hearing process report.

This was an informational item only, no action taken.

5. **REVIEW OF STATEMENT OF ECONOMIC INTEREST FORM 700 FOR THE YEAR 2002**

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the Statement of Economic Interest Form 700 for 2002.

This was an informational item only, no action taken.

6. **REVIEW OF BENEFIT INTERPRETATION POLICY ACTIVITIES FOR 4TH QUARTER 2002 AND REPORT REGARDING ADMINISTRATIVE REFERRAL NO. AR007 (POLICE ACADEMY TIME)**

Jay Huish, Deputy Director, presented a written and oral report on this item.

The Board reviewed and discussed the Benefit Interpretation Policy activities for the 4th quarter of 2002.

This was an informational item only, no action taken.

7. **APPROVAL OF DEPARTMENT BUDGET PROPOSAL FOR FISCAL YEAR 2003-2004**

Jay Huish, Deputy Director, presented a written and oral report on this item.

The Board reviewed and discussed the department budget proposal for fiscal year 2003-2004 and engaged in a question and answer session.

ACTION: It was moved by Commissioner Wright, seconded by Ellington to approve the department budget proposal for fiscal year 2003-2004; motion passed by the following vote:
Ayes: 7 – Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

8. **REVIEW AND ADOPTION OF THE CHARTER FOR THE GOVERNANCE COMMITTEE FOR 2003**

Clare M. Murphy, Executive Director, presented a written and oral report on this item.

The Board reviewed and discussed the adoption of the Charter for the Governance Committee and engaged in a question and answer session.

ACTION: It was moved by Commissioner Breall, seconded by Wright to adopt the Charter for the Governance Committee as amended; motion passed by the following vote:
Ayes: 6 – Breall, Casciato, Driscoll, Ellington, Sandoval, Wright
Noes: 1 – Meiberger

[Commissioner Sandoval left the meeting at 1:50 pm]

9. **APPROVAL OF THE REQUEST FOR PROPOSAL FOR ACTUARIAL CONSULTING SERVICES**

Clare M. Murphy, Executive Director, presented a written and oral report on this item.

The Board reviewed the Request for Proposal for Actuarial Consulting Services and engaged in a question and answer session.

ACTION: It was moved by Commissioner Ellington, seconded by Meiberger to approve the Request for Proposal for Actuarial Consulting Services; motion was passed by the following vote:
Ayes: 6 – Breall, Casciato, Driscoll, Ellington, Meiberger, Wright
Absent: 1 - Sandoval

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

1. **VOLUNTARY RETIREMENT BOARD LIST NO. 8-02**

2. DECISION OF HEARING OFFICER

- a. James K. Barron
Q-52 Sergeant – Police Dept.
Industrial Disability Retirement / Stipulation
Effective Date: May 1, 2002
Granted
- b. Jacqueline Carvajal
1426 Sr. Clerk Typist – DPH
Ordinary Disability Retirement
Effective Date: November 1, 2002
Granted
- c. Juan M. Gonzales
8204 Institutional Police – DPH
Ordinary Disability Retirement / Stipulation
Effective Date: March 1, 2002
Granted
- d. Bradford G. Huie
7316 Water Service Inspector – PUC
Ordinary Disability Retirement
Effective Date: September 27, 2002
Granted
- e. Larita Jackson
2905 Sr. Eligibility Worker – DHS
Ordinary Disability Retirement / Stipulation
Effective Date: December 15, 2002
Granted
- f. William E. Jones
2302 Nursing Assistant – DPH/LHH
Ordinary Disability Retirement / Stipulation
Effective Date: March 15, 2003
Granted
- g. Frank M. Kunst
H-2 Firefighter – Fire Dept.
Industrial Disability Retirement / Stipulation
Effective Date: November 1, 2001
Granted
- h. Patricia Lim
1632 Sr. Account Clerk – PUC
Ordinary Disability Retirement
Effective Date: July 1, 2001
Granted
- i. Waldon Lim
2230 Physician Specialist – DPH
Ordinary Disability Retirement / Vesting
Effective Date: August 17, 2002
Granted

- | | | | |
|----|--|-----------------|---------|
| j. | James P. Moore
9163 Transit Operator – Muni
Ordinary Disability Retirement
Effective Date: | October 1, 2002 | Granted |
| k. | Robert J. Priolo
H-1 Firefighter – Fire Dept.
Industrial Disability Retirement
Effective Date: | August 31, 2002 | Granted |
| l. | Mary J. Reed-Tobin
1426 Sr. Clerk Typist – Community College
Ordinary Disability Retirement
Effective Date: | June 1, 2002 | Granted |
| m. | Thomas Spurlock
9163 Transit Operator – Muni
Ordinary Disability Retirement / Stipulation
Effective Date: | July 1, 2002 | Granted |

3. DISMISSAL OF INDUSTRIAL DISABILITY RETIREMENT APPLICATION

- a. Helga D'Arcy
- b. Alexander F. Markel

- 4. REQUEST AUTHORIZATION FOR GLEN SCHWARTZ, SENIOR INVESTMENT OFFICER, TO ATTEND THE WORLD PENSION FORUM ANNUAL CONFERENCE TO BE HELD ON FEBRUARY 23-26, 2003 IN PALM BEACH, FL
- 5. REQUEST AUTHORIZATION FOR WEN LING CHIN, SECURITY ANALYST, TO ATTEND THE INSTITUTIONAL LIMITED PARTNERS ASSOCIATION (ILPA) MEETING ON MARCH 5-6, 2003 IN DENVER, CO
- 6. REQUEST AUTHORIZATION FOR E. DAVID KUSHNER, DEPUTY DIRECTOR FOR INVESTMENTS, TO ATTEND THE INSTITUTIONAL LIMITED PARTNERS ASSOCIATION (ILPA) MEETING ON MARCH 5-6, 2003 IN DENVER, CO
- 7. REQUEST AUTHORIZATION FOR COMMISSIONER AL CASCIATO, TO ATTEND THE 8TH ANNUAL PUBLIC FUNDS SUMMIT TO BE HELD ON MARCH 9-12, 2003 IN PHOENIX, AZ
- 8. REQUEST AUTHORIZATION FOR COMMISSIONER DAVID ELLINGTON TO ATTEND THE IIR'S ANNUAL PRIVATE EQUITY & VENTURE CAPITAL MARKETS SUMMIT TO BE HELD ON APRIL 1-3, 2003 IN NEW YORK, NY

9. REQUEST AUTHORIZATION FOR GLEN SCHWARTZ, SENIOR INVESTMENT OFFICER, TO ATTEND THE BATTERY VENTURES LIMITED PARTNERS ANNUAL MEETING TO BE HELD ON MARCH 11-13, 2003 IN BOSTON, MA

ACTION: It was moved by Commissioner Breall, seconded by Ellington to approve the Consent Calendar as presented; motion passed by the following vote:

Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Absent: 1 - Sandoval

[The Board recessed from 2:00 to 2:10 pm]

EXECUTIVE DIRECTOR'S REPORT

- 1) Ms. Murphy explained that as reported in the past, the bulk of the payroll from SFUSD is current. However, there are some teachers who are members of the Retirement System where postings are only to 9/20/02. This issue serves as an example of the challenges with the School District and its ability to provide current accurate payrolls. Retirement is also asking the SFUSD to provide information for those that are enrolled in pretax buyback programs.
- 2) Ms. Murphy explained that a meeting was held last week regarding the Citywide budget. The Mayor met with budget analysts and the future reductions may increase to 10%. Additionally, departments are requested to suspend all non-essential spending, including, equipment, travel and hiring. Layoffs are one of the only tools that are mandated by these fiscal circumstances. Each department has been asked to prepare a layoff list and the Department of Human Resources will research the seniority roster and inform employees as to bumping rights. Since SFERS operates on a non-General fund basis, a person with higher seniority rights would be able to bump an incumbent from our work force.
- 3) Ms. Murphy explained that the City and labor are in the process of negotiating 41 labor agreements that must be completed by early March to meet the guidelines set forth in the Charter. She has been meeting with City representatives and labor organizations on issues regarding pension issues. Those meetings are ongoing.
- 4) Ms. Murphy provided a list of educational opportunities for Board members. If any Board member is interested in attending any of these events, they should contact her office.
- 5) The Finance Committee of the Board of Supervisors reviewed and approved an amendment to the "heart presumption" which would allow police and fire officers the right to utilize service covered in other California pension plans.
- 6) Ms. Murphy explained that SFERS staff meets with retired employees on a quarterly basis; the next meeting is scheduled for Thursday, February 6, 2003.

- 7) Ms. Murphy explained that SFERS has met its Federal tax law requirement to send retirees their annual statement showing their gross income, the portion of that income which is taxable, and the amount withheld for calendar year in 2002 (Form 1099-R).
- 8) Ms. Murphy explained that SFERS accomplished the wage based Police and Fire COLA. Safety retirees received the COLA for the period 1/5/03 to 1/31/03 on the 1/31/03 check. The COLA will be grossed up for full month starting with the February check. This calculation will be reviewed with the retirees at the 2/6/03 meeting.
- 9) President Matt Gonzales of the Board of Supervisors appointed Gerardo Sandoval as the Board of Supervisors representative to the Retirement Board for a one-year term. Additionally, Commissioner Brenda Wright has been re-appointed by Mayor Willie L. Brown, Jr.
- 10) Ms. Murphy explained that staff and the City Attorney have met with representatives of the Labor Council to discuss the disability procedure process. Staff has reviewed the proposals of labor and another meeting is scheduled for 2/13/03.
- 11) Ms. Murphy explained that CALAPRS General Assembly is scheduled for March 9-11, 2003 in Monterey. The CALAPRS four-day Stanford Trustee training program, March 25-28, 2003, is conducted at Stanford Law School and is very educational and highly recommended seminar.
- 12) Consideration of the basic COLA adjustment and review of the supplemental COLA will be calendared for the March Board meeting.

INVESTMENT CALENDAR

1. REPORT OF ANNUAL EVALUATION OF GENERAL CONSULTANT

David Kushner, Deputy Director for Investments and Jennifer Cooper of Cooper Consultants, presented a written and oral report to the Board on this item.

The Board reviewed the report of the Annual Evaluation of General Consultant .

This was an informational item only, no action taken.

2. APPROVAL TO RETAIN THE NORTHERN TRUST AS THE SFERS MASTER CUSTODIAN

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on this item.

The Board reviewed and discussed to retain The Northern Trust as the SFERS Master Custodian and engaged in a question and answer session.

ACTION: It was moved by Commissioner Ellington, seconded by Breall to approve to retain The Northern Trust as the Master Custodian; motion was passed by the following vote:

Ayes: 6 – Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Absent: 1 – Sandoval

3. APPROVAL OF AMENDMENTS TO REAL ESTATE STRATEGIC INVESTMENT PLAN

David Kushner, Deputy Director for Investments, Don Holcher, Senior Investment Officer, and Micolyn Yalonis and Terry Ahern of the Townsend Group, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the proposed amendments to the Real Estate Strategic Investment Plan and engaged in a question and answer session.

ACTION: It was moved by Commissioner Ellington, seconded by Wright to approve amendments to the Real Estate Strategic Investment Plan; motion passed by the following vote:

Ayes: 6 – Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Absent: 1 – Sandoval

4. APPROVAL OF 2003 REAL ESTATE INVESTMENT PLAN

David Kushner, Deputy Director for Investments, Don Holcher, Senior Investment Officer, and Micolyn Yalonis of the Townsend Group, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the 2003 Real Estate Investment Plan and engaged in a question and answer session.

ACTION: It was moved by Commissioner Ellington, seconded by Breall to approve the 2003 Real Estate Investment Plan; motion passed by the following vote:

Ayes: 6 – Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Absent: 1 – Sandoval

[Commissioner Wright left the room at 3:30 pm]

5. APPROVAL OF ALTERNATIVE INVESTMENTS STRATEGIC PLAN

David Kushner, Deputy Director for Investments and Barbara Lynch of Cambridge Associates, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Alternative Investments Strategic Plan and engaged in a question and answer session.

ACTION: It was moved by Commissioner Ellington, seconded by Meiberger to approve the Alternative Investments Strategic Plan with amendments; motion passed by the following vote:

Ayes: 6 – Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Absent: 1 – Sandoval

Public Comment

Liz Ferguson, explained that at the Alternatives Committee meeting, she listened to the discussion of the Board's alternative investment strategy and its interest in emerging managers. She introduced representatives from the Bay Area Equity Fund.

Mike Dorsey, spoke of the Bay Area Equity Fund, noting that it is a venture capital fund with a goal to raise \$100M. He cited the firms that have made an investment to their fund and said they are committed to consumers in low and moderate-income areas.

Nancy Fund, explained that the Bay Area Equity Fund has made money for investors while improving the social economic fabric. She said she would be delighted to have SFERS join them in their journey.

6. APPROVAL OF ALTERNATIVE INVESTMENTS ANNUAL INVESTMENT PLAN FOR 2003

David Kushner, Deputy Director for Investments and Barbara Lynch of Cambridge Associates, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Alternative Investments Annual Investment Plan for 2003 and engaged in a question and answer session.

ACTION: It was moved by Commissioner Ellington, seconded by Meiberger to approve the Alternative Investments Annual Investment Plan for 2003; motion passed by the following vote:

Ayes: 6 – Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Absent: 1 – Sandoval

[Commissioner Wright returned to the meeting room at 3:52 pm]

7. APPROVAL OF OUTLINE FOR THE REQUEST FOR PROPOSAL FOR ALTERNATIVE INVESTMENTS CONSULTANT AND APPROVAL OF EVALUATION CRITERIA

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the outline for the Request for Proposal for Alternative Investments Consultant and approval of evaluation criteria and engaged in a question and answer session.

ACTION: It was moved by Commissioner Ellington, seconded by Breall to approve the outline for the Request for Proposal for Alternative Investments Consultant and approval of evaluation criteria; motion passed by the following vote:
Ayes: 5 – Breall, Casciato, Driscoll, Ellington, Wright
Noes: 1 - Meiberger
Absent: 1 – Sandoval

[Commissioner Breall left the meeting from 4:25 to 4:35 pm]

8. REVIEW OF ANNUAL REPORT ON PROXY VOTING FOR THE YEAR ENDED DECEMBER 31, 2002

David Kushner, Deputy Director for Investments, Mark Coleman, Security Analyst, and Fasil Michael, Manager of Custom Research for Institutional Shareholder Services, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the annual report on Proxy voting for 2002.

This was an informational item only, no action taken.

9. APPROVAL OF RECOMMENDATION FOR 2003 PROXY VOTING POLICY

David Kushner, Deputy Director for Investments, Mark Coleman, Security Analyst, and Fasil Michael, Manager of Custom Research for Institutional Shareholder Services, presented a written and oral report to the Board on this item.

The Board, by ballot vote, unanimously approved the recommendation for the 2003 Proxy Voting Policy.

10. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

Proxy Votes – Discussed and approved under Investment Calendar Item No. 9.

The Deputy Director for Investments (DDI) reported the fund value as of 1/31/03 was approximately \$9.7 billion.

The DDI provided updated cash projections as of January 24, 2003, indicating the benefits account currently has just over one month's anticipated requirements, while the Investment cash account, while increasing by approximately \$6 million since 12/31/02 to approximately \$39 million, is essentially committed for funding of new managers.

The DDI provided an updated Asset Allocation reflecting fund value and asset class exposures as of January 24, 2003. With the exception of Real Estate, which we are in the process of building to the 12% target, all asset classes are in compliance with our strategic objectives. If we include unfunded commitments in the Real Estate allocation, we are at our 12% target. We expect these commitments to be drawn during the course of 2003. The DDI also reported that the following intra-asset class rebalancing took place within the Equity Portfolios during January:

\$32 million from International Small Cap to International ETF (pending funding of EAFE Value manager)

\$100 million from Domestic Small Cap to Convertibles

Regarding other fund issues, the DDI informed the Board we will be interviewing six managers on February 5-6 for an EAFE Value mandate, and anticipates making a recommendation to the Board for manager selection by the March Board meeting.

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

1. DEFERRED COMPENSATION MANAGER REPORT

a) Consultant RFP Status and Update

Carol Cyfert updated the Board regarding the mailing to prospective bidders for the RFP for Consultant.

b) New Request for Unforeseeable Emergency withdrawal Forms (aka Hardship Withdrawal)

Carol Cyfert informed the Board that the new forms were drafted, reviewed and, approved by the City Attorney's Office. SFERS will implement the new forms in March 2003.

c) ING Annual Presentation Scheduled for March 2003

Carol Cyfert informed the Board that the annual report from ING will be presented the March board meeting. Additionally, ING would like for the board members and SFERS staff to join them at their annual reception and dinner on March 4, 2003.

d) Enrollment Activity Report for December 2002

Carol Cyfert provided a monthly ING activity report for Board's review.

DISCUSSION ONLY:

2. REQUEST FOR UNFORESEEABLE EMERGENCY WITHDRAWALS

- a. Nory Acosta
- b. Gloria A. Buck
- c. Eugenia Burfict
- d. Richard I. Johnson
- e. Nenita Panday
- f. Sherwin Preston Smith
- g. Olee Wade
- h. Eric E. Williams

ACTION: It was moved by Commissioner Breall, seconded by Ellington, to approve the Deferred Compensation Plan consent calendar; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Wright
Absent: 1 - Sandoval

BOARD MEMBER'S REPORTS

(Board members may report on Board related activities and raise questions/issues for consideration at future meetings. For information only.)

Commissioner Meiberger briefed the Board on his recent attendance to the Pacific Pension Institute's Roundtable. They spent time considering various scenarios of a war and it was interesting to see the implications and results. He suggested that the Board consider changing its meeting date.

Commissioner Breall suggested that the Board consider the issue to allow Board members to attend committee meetings as he felt attending these meetings were very educational.

Commissioner Breall felt it would be appropriate to adjourn the meeting in memory of the seven astronauts who died on February 1, 2003 and to send a letter indicating that we have done so to the head of NASA with a copy to Mayor Willie L. Brown, Jr.

Commissioner Ellington explained that he has been asked to speak at another conference and understood that there might be conditions associated with him accepting this speaking engagement.

Commissioner Casciato explained that there were a few members who had not completed the Board development survey and that he was also waiting for comments from Board members on the job scope for the commission secretary position. He further explained that the Department of Human Resources sent a letter regarding the actuary position. He asked for feedback from the Board on this issue. Lastly, Commissioner Casciato spoke about the Real Estate Investment Managers (RREEF) conference he recently attended and noted that he was going to obtain a tape of some of the speakers which he would make available to other board members.

NO CLOSED SESSION HELD.

There being no further business, the Board adjourned its meeting in memory of the seven members of the Space Shuttle Columbia who lost their lives on February 1, 2003, at 5:30 pm.

Respectfully submitted,

A handwritten signature in cursive script, reading "Clare M. Murphy". The signature is written in dark ink and is positioned above the printed name and title.

Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth are all actions taken by the Retirement Board on the matters stated but not necessarily the chronological sequence in which the matters were considered.



MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

MARCH 4, 2003

12:30 PM

Present:	E. David Ellington	President
	Joseph Driscoll	Vice-President
	William Breall	Commissioner
	Al Casciato	Commissioner
	Herb Meiberger	Commissioner
	Gerardo Sandoval	Supervisor
Absent:	Brenda Wright	Commissioner
	Clare M. Murphy Retirement System	Executive Director

RETIREMENT BOARD REGULAR MEETING

MARCH 4, 2003 MINUTES

SPECIAL ORDER OF BUSINESS

Election of Retirement Board Officers (President and Vice-President)

Action: It was moved by President Casciato, seconded by Meiberger to elect E. David Ellington as President and Joseph Driscoll, Vice President; motion passed by the following vote:

Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval,

Absent: 1 - Wright

PUBLIC COMMENT

Members of the public shall have an opportunity to directly address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board now or at the time an item on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

President Ellington reviewed the Public Comment procedures for the attendees.

Jim Beem, explained that he applied for a disability retirement in November of 2000 and was granted a hearing in 2002. The hearing officer denied his application and he wanted to appeal the decision to the Retirement Board.

The Retirement Board directed the Deputy City Attorney to review the applicant's file.

REGULAR CALENDAR

1. MINUTES OF THE FEBRUARY 4, 2003 BOARD MEETING

Action: It was moved by Commissioner Breall, seconded by Casciato to approve the minutes as amended; motion passed by the following vote:

Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval,

Absent: 1 - Wright

2. CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

2a. Voluntary Retirement Board List No. 09-03

2b. Decision of Hearing Officers

- ♦ James L. Baca, Q-61 Lieutenant/Police Dept. Industrial Disability Ret./Stip
Effective Date: January 22, 2001 Granted
- ♦ Jeanne Brandt Q-2 Police Officer/Police Dept. Death as a Result of Duty
(John Brandt – Deceased)
Effective Date: April 1, 2002 Granted
- ♦ Henry Friedlander Q-4 Police Officer/ Police Dept. Industrial Disability Ret./Stip
Effective Date: August 2, 2002 Granted
- ♦ George W. Gaskins Q-4 Police Officer/ Police Dept. Industrial Disability Ret/Stip
Effective Date: January 8, 2003 Granted
- ♦ Gerald L. Grey H30 Fire Captain/ Fire Dept. Industrial Disability Ret/Stip
Effective Date: January 29, 2002 Granted
- ♦ Barry N. Hirsch H3 Paramedic / Fire Dept. Industrial Disability Retirement
Effective Date: July 24, 2002 Granted
- ♦ Raymond D. Kilroy Q-62 Lieutenant/Police Dept. Industrial Disability Ret/Stip
Effective Date: July 7, 2001 Denied
- ♦ Eugene F. Maher H-2 Firefighter/ Fire Dept. Industrial Disability Ret/Stip
Effective Date: September 24, 2001 Granted
- ♦ Allan S. Reinhard H-2 Firefighter/ Fire Dept. Industrial Disability Ret/Stip
Effective Date: July 1, 2001 Granted
- ♦ Scott C. Rutherford Deputy Sheriff / Sheriff's Dept. Industrial Disability Retirement
PERS disability Granted
- ♦ John B. Skance H-2 Firefighter/ Fire Dept. Industrial Disability Ret/Stip
Effective Date: January 8, 2003 Granted
- ♦ Gregory W. Winters Q-82 Captain/Police Dept. Industrial Disability Ret/Stip
Effective Date: March 3, 2001 Granted

2c. Petition for Rehearing

- ♦ Bertha A. Berliner Q-2 Police Officer/Police Dept. Death as a Result of Duty
(Dale J. Berliner- Deceased)
Effective Date: November 4, 2001 Denied

- 2d. Request authorization for Herb Meiberger, Commissioner, to attend the World Pensions Forum to be held on May 3-10, 2003 in Hong Kong and Shanghai, China

Action: It was moved by Commissioner Breall, seconded by Casciato to approve the Consent Calendar; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval
Absent: 1 - Wright

3. Consideration of Alternate Meeting Dates for the Retirement Board Meetings

The Board discussed alternate meeting dates. This item was continued with a request that it be considered on 4/1/03 and be calendared as the first item for consideration.

This was an informational item only, no action taken.

4. Old and Ongoing Business List

4a. Staff's response to Commissioner Meiberger's Old and Ongoing Business List Item relating to Recommendation on Natural Resources Investments

At the request of Commissioner Meiberger, Item 4A was postponed for consideration to the 4/1/03 meeting since the Deputy Director of Investments was absent.

4b. Monthly Review of the Old and Ongoing Business List

President Ellington urged his fellow Board members to consider target completion dates for the items on the Old and Ongoing Business List.

1:50 pm Commissioner Sandoval left the meeting

5. Approval of Recommendation of Annual Basic Cost of Living Adjustment (COLA)

Clare M. Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the recommendation and engaged in a question and answer session.

Action: It was moved by Commissioner Breall, seconded by Meiberger to approve the Recommendation of Annual Basic Cost of Living Adjustment (COLA); motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Driscoll, Ellington, Meiberger
Absent: 2 - Sandoval, Wright

6. Report on Supplemental Cost of Living Benefit Reserve

Clare M. Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the report and engaged in a question and answer session.

This was an informational item only, no action taken.

7. Approval of Request for E. David Ellington, Commissioner, to attend the COLT FEST Meeting in New Orleans, LA on April 30-May 2, 2003

Clare M. Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the request and engaged in a question and answer session.

Action: It was moved by Commissioner Breall, seconded by Meiberger to approve the request; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: 2 - Sandoval, Wright

8. Review of Department of Human Resources (DHR) Communication Regarding the Position of Actuary

Clare M. Murphy, Executive Director, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the request and engaged in a question and answer session.

Action: It was moved by Breall, seconded by Casciato to give the Executive Director the authority to be the Subject Matter Expert (SME) or designate the person to be the SME; motion passed by the following vote:

Ayes: 4 - Breall, Casciato, Driscoll, Ellington

Noes: 1 - Meiberger

Absent: 2 - Sandoval, Wright

9. Discussion of Terms of Reference for Retirement Board Committees

President Ellington explained that he would like to expeditiously approve the terms of reference for all of the Board committees. He was hopeful that the process could be completed by May 2003.

Clare Murphy, Executive Director, explained that if the committees can meet during the month of April, this directive could be accomplished.

This was an informational item only, no action taken.

EXECUTIVE DIRECTOR'S REPORT

- 1) Ms. Murphy explained that, as reported in the past, the teacher payrolls from the San Francisco Unified School District have not been properly posted since 9/20/02 and it has created an impact on the annual statements being prepared, as staff does not have the necessary data. Staff continues to meet with SFUSD on this matter and has asked them to provide information for those that are enrolled in pretax buyback programs.
- 2) Ms. Murphy gave a report on the City-wide Budget. The Controller's Budget Analyst and Mayor's Budget Analyst are in process of preparing another fiscal update to be delivered next week, March 10, 2003. The current projection is a \$320 million deficit however, the lowering of the City's bond rating and a number other economic decline may increase that figure. Departments are in the process of conducting work force reductions to meet the Mayor's directive and it is expected there will be 300-400 layoffs. Ms. Murphy explained that the City's budget is closely connected with the collective bargaining process. Forty-one of the City's bargaining units are in negotiations at the present time and the Mayor's office is looking to close one-third of the budget gap with labor agreement concessions.
- 3) Citywide negotiations are actively underway and the Retirement Office is providing answers to proposals from both labor organizations and to the City's negotiating team. Staff is being called to bargaining tables to address specific proposals and to review the overall fiscal health of the pension trust.
- 4) Ms. Murphy noted that the Board of Supervisors approved the Heart Presumption Ordinance, a provision of the Administrative Code, that police and firefighters who have worked in CCSF for five years with a heart injury or illness or death be considered industrial. The ordinance broadens the scope to include police and firefighters in other California pension plans in like service when calculating the five-year limit.
- 5) Staff continues to meet with representatives from labor to review the Disability Procedures. Another meeting on this issue is scheduled on 3/13/03. As a result of those meetings, staff will be proposing a series of retirement rule changes. These changes will streamline and revise the rules regarding the processing of disability applications.

Ms. Murphy further noted that staff inadvertently omitted calendaring a hearing officer decision for Mr. Gerald Shields on the 3/4/03 agenda. She was bringing the matter to the board's attention so that the disability application could start to be processed. She said she would calendar the matter for the 4/1/03 meeting.

- 6) Pre-Retirement Seminars for 2003. Staff will be conducting four pre-retirement counseling opportunities, which are valuable to members who are within 5 years of a retirement decision. Two of the seminars are set to occur between now and June 30th so members have an opportunity to attend and receive personalized information on retirement issues and the City's deferred compensation plan.
- 7) Ms. Murphy provided a list of educational opportunities for Board members. If any Board member is interested in attending any of these events, they should contact her office.

3:00 to 3:15 pm the Board recessed

INVESTMENT CALENDAR

11. Report on the Performance of the Retirement Fund for the Quarter Ending 12/31/02

Leslie Kautz of Angeles Investment Advisors and Richard Piket, Senior Investment Officer, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the report and engaged in a question and answer session.

This was an informational item only, no action taken.

12. Report on Brokerage Commissions Generated by the Retirement Fund during the Quarter Ended 12/31/02

Richard Piket, Senior Investment Officer, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the report and engaged in a question and answer session.

This was an informational item only, no action taken.

13. Recommendation and Approval for Issuance of Request for Proposal for Large Cap Value Equity Manager

Leslie Kautz of Angeles Investment Advisors, Richard Piket and Carl Wilberg, Senior Investment Officers, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the report and engaged in a question and answer session.

Action: It was moved by Commissioner Driscoll, seconded by Meiberger to approve the recommendation and approval for Issuance of Request for Proposal for Large Cap Value Equity Manager; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Driscoll, Ellington, Meiberger,

Absent: 2 - Sandoval, Wright

14. Approval of Recommendation to Appoint EAFE Value (International Equity) Manager

Leslie Kautz of Angeles Investment Advisors, Richard Piket and Carl Wilberg, Senior Investment Officers, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the report and engaged in a question and answer session.

Action: It was moved by Commissioner Meiberger, seconded by Breall to approve the recommendation to Appoint Causeway Capital Management LLC as the EAFE Value (International Equity) Manager; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval,
Absent: 1 - Wright

Action: It was moved by Commissioner Meiberger, seconded by Ellington to approve LSV Asset Management as the EAFE Value (International Equity) Manager; motion failed by the following vote:
Ayes: 2 - Ellington, Meiberger
Noes: 4 - Breall, Casciato, Driscoll, Sandoval,
Absent: 1 - Wright

Commissioner Meiberger asked to review the RFPs and staff will consider.

14. DEPUTY DIRECTOR FOR INVESTMENTS REPORT

Proxy Votes – The Board, by ballot vote, approved proxy's pertaining to TYCO.

Deputy Director for Investments, David Kushner, was absent and Richard Pickett, Senior Investment Officer, reported to the Board:

1. Staff made an operational assignment of the investment management contract for Conning Asset Management to the new name of Prima Capital Advisors. The principals (Greg White & Stephan Copulsky) and office location remain the same for this Commercial Mortgage and Commercial Mortgage Backed Securities Manager for the System. While this organization has been an investment manager in good standing since September of 1997, staff will consider them in "under review" status for then next several quarters.
2. Staff has approved a minor change to the investment guidelines for Oaktree Capital Management. This change will permit the investment and/or retention of new debt and/or equity securities as part of a conversion of a convertible security or obtained in a recapitalization or financial restructuring of a pre-existing high yield corporate bond investment made by Oaktree.
3. There is a \$984 thousand (current balance) fixed income investment held in the Internal Fixed Income Portfolio that is in arrears on its interest payments. This investment, a lease from a Lordhill Partnership, was made in the early 1980's and is secured by a mortgage on a K-Mart property in the Midwest. Staff is working with the City Attorney's Office and Don Holcher to see what recourse options are available.
4. Dresdner RCM – Bill Price, CIO, announced he will be taking a sabbatical effective 4/1/03. He will return to RCM in the fall to run a new Hedge Fund for the firm. RCM has announced that Ian Vose, currently Global Head of Research, will be assuming the CIO role.
5. The RFP for the Alternative Investment was released on February 26, 2003.

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

16. Request for Unforeseeable Emergency Withdrawals

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

16a Enoch Aguilera Jr.
Alicia Caloca
Cathy Estensen
Leleon Kizine
Jorge Montiel
Charley Robinson Jr.

Lee Ann Martin (DENIED)

Action: It was moved by Commissioner Breall, seconded by Casciato, to approve the Unforeseeable Emergency Withdrawals; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Driscoll, Ellington, Meiberger,

Absent: 2 - Sandoval, Wright

17. Presentation by ING Financial Advisors, LLC. of the San Francisco Deferred Compensation (457) Plan Annual Report for the period January 1, 2002 through December 31, 2002.

The following ING representatives presented the annual report to the Board: Peter Belardinelli, Regional Manager, Catherine Smith, Chief Operating Officer, Michael Eldredge, Fund Analysis Manager, Tricia Conahan, Sr. Vice President/Head of Brand Development, and Robert Francis, President/Head of Worksite Distribution.

Board member Al Casciato requested that ING provide general information regarding a 401(a) program.

18. Deferred Compensation Manager Report

- ◆ Carol Cypert provided an update on the progress of the RFP for Consultant and informed the board that an outside source is assisting in the review process of the RFPs. Ms. Cypert also requested that a board member assist with the oral interviews, which will determine the finalist that will make presentations to the board. The board recommended that the Deferred Compensation Committee select the individual who will assist with the oral interviews.
- ◆ Carol Cypert provided the Board with the Enrollment Activity Report for January 2003.

19. **BOARD MEMBER'S REPORTS**

(Board members may report on Board related activities and raise questions/issues for consideration at future meetings. For information only.)

Commissioner Breall requested to meet with Deputy City Attorney Dan Maguire regarding the medical issues relating to the disability claim for Jim Beem.

Commissioner Driscoll inquired about the Governance Committee meeting scheduled for March 5, 2003 and was presented a copy of the agenda and supporting documentation for said meeting.

Commissioner Meiberger requested that the review of the methodology of the Alternative Investment Consultant be placed on the agenda for the April 1, 2003 Retirement Board meeting.

Commissioner Casciato informed the Retirement Board members and senior staff that he would be traveling from April 16, 2003 through May 6, 2003. He also gave President E. David Ellington the file on the Commission Secretary position. He made further comments on the Subject Matter Expert process. Finally, he raised questions on behalf of two participants. Deputy Director Jay Huish said he would review the two cases.

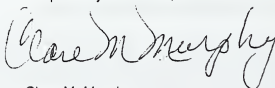
20. **Adjournment**

The Board adjourned the meeting in memory of Jonathan Dale Jenkins, brother of Carol Cypert, Deferred Compensation Manager, who passed away recently.

NO CLOSED SESSION HELD.

There being no further business, the Board adjourned its meeting in memory of Jonathan Dale Jenkins, brother of Carol Cypert, Deferred Compensation Manager, who passed away recently. Meeting ended at 5:15 pm.

Respectfully submitted,



Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth are all actions taken by the Retirement Board on the matters stated but not necessarily the chronological sequence in which the matters were considered.



MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO

30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

DOCUMENTS DEPT.

MAY 22 2003

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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

APRIL 1, 2003

12:30 PM

Present: E. David Ellington

President

Joseph Driscoll

Vice-President

William Breall

Commissioner

Al Casciato

Commissioner

Herb Meiburger

Commissioner

Gerardo Sandoval

Supervisor

Brenda Wright

Commissioner

Clare M. Murphy
Retirement System

Executive Director

RETIREMENT BOARD REGULAR MEETING

APRIL 1, 2003 MINUTES

PUBLIC COMMENT

Members of the public shall have an opportunity to directly address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board now or at the time an item on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

President Ellington reviewed the Public Comment procedures for the attendees.

Antoinette Candelaria, a delegate from Local 790, urged the Retirement System to conduct the actuarial studies for the three (3) retirement incentive Charter amendment proposals recently submitted.

Ed Walsh, of Local 21, echoed the previous speaker's comment, and urged the Retirement System to expedite the actuarial study as the Charter amendment must be submitted by 5/13/03.

REGULAR CALENDAR

1. MINUTES OF THE APRIL 1, 2003 BOARD MEETING

Action: It was moved by Commissioner Meiberger, seconded by Commissioner Casciato to approve the minutes as submitted; motion passed by the following vote:

Ayes: 4 - Breall, Casciato, Ellington, Meiberger

Absent: 3 - Driscoll, Sandoval, Wright

12:35 pm Commissioner Sandoval arrived at the meeting

12:37 pm Commissioner Driscoll arrived at the meeting

12:40 pm Commissioner Wright arrived at the meeting

2. Consideration of Alternate Meeting Dates for the Retirement Board Meetings

President Ellington presented a written and oral report on this item.

The Board reviewed and discussed the alternate meeting dates and engaged in a question and answer session.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Sandoval to move the meeting date from the first Tuesday at 12:30 pm to the second Tuesday of the month beginning at 8:30 am, effective June 10, 2003; motion passed by the following vote:

Ayes: 7 - Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

3. Consideration to Change the May Meeting Date from May 6, 2003 to Monday, May 19, 2003 at 12:30 p.m.

Shauna Rose, Executive Assistant, presented an oral report on this item.

The Board reviewed and discussed the alternate meeting date and engaged in a question and answer session.

Action: It was moved by Commissioner Ellington, seconded by Commissioner Breall to schedule special meetings for May 6, 2003 and May 19, 2003 and that both meetings begin at 8:30 am; motion passed by the following vote:

Ayes: 7 - Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

4. Discussion of Committee Assignments for the Retirement Board

E. David Ellington, Retirement Board President, presented an oral report on this item.

The Board had discussion and considered the creation of new committees, continuance of existing committees and potential assignees to said committees. The matter was continued and will be considered at a future meeting of the Retirement Board.

5. CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

5a. Voluntary Retirement Board List No. 10-03

5b. Decision of Hearing Officers

◆ Larry Anderson Effective Date: 03/02/03	9102 Transit Car Cleaner/Muni	Ordinary Disability Retirement Granted
◆ John W. Boume Effective Date: 01/6/01	Q-4 Police Officer/Police Dept.	Industrial Disability Retirement/Stip Granted
◆ Donald Burkhead Effective Date: 12/10/02	7360 Welder/PUC	Ordinary Disability Retirement Granted
◆ Alicia Caloca Effective Date: 12/01/01	2903 Eligibility Worker/DHS	Ordinary Disability Retirement Denied
◆ Caterina Cromosini Effective Date: 09/01/02	9209 Police Serv. Aide/Police Dept.	Ordinary Disability Retirement/Vest Granted
◆ Nickolas Galarza Effective Date: 03/1/02	7355 Truck Driver/DPW	Ordinary Disability Retirement/Vest Denied

◆ Joyce Hamilton	1844 Management Asst./PUC	Ordinary Disability Retirement/Vest
Effective Date: 02/01/02		Granted
◆ Ruby Johnson	1406 Senior Clerk/Park. & Traffic	Ordinary Disability Retirement
Effective Date: 11/16/02		Granted
◆ Harold R. Jones	7371 Electrical Mechanic/Muni	Ordinary Disability Retirement/Stip
Effective Date: 07/01/02		Granted
◆ Janet V. Prieto	Criminal Investigator	PERS Disability
Effective Date: 08/02/00		Denied
◆ Joaquin Santos	0402 Deputy Chief/Police Dept.	Industrial Disability Retirement/Stip
Effective Date: 07/05/00		Granted
◆ Gerald Shields	2780 Custodian/Airport Dept.	Ordinary Disability Retirement
Effective Date: 09/25/02		Granted
◆ Consuelo V. Sims	2320 Registered Nurse/DPH	Ordinary Disability Retirement
Effective Date: 03/01/02		Granted
◆ William T. Stallworth	7347 Plumber/Airport Dept.	Ordinary Disability Retirement/Vest
Effective Date: 07/19/02		Granted
◆ Beverly B. Wise	7371 Electrical Transit Mech./Muni	Ordinary Disability Retirement
Effective Date: 04/01/02		Granted

5c. Dismissal of Disability Retirement Application

◆ Romeo B. Dela Vega – Ret. # D1935	Industrial Disability Retirement
◆ Kelly M. Kane – Ret. # B9205	Ordinary Disability Retirement

5d. Change of Effective Date of Retirement

- ◆ William E. Jones – Ret. # 73817

5e. Request Authorization for Al Casciato, Commissioner, to Attend the 2nd Annual Stars & Stripes Conference to be Held on July 13-15, 2003 in Orlando, FL

5f. Request Authorization for David Kushner, Deputy Director for Investments, to attend the Elkind Economics Inc. Emerging Markets Forum to be held on April 30 to May 2, 2003 at Las Colinas in Dallas, TX

Action: It was moved by Commissioner Breall, seconded by Commissioner Casciato to approve the Consent Calendar; motion passed by the following vote:
 Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiburger, Wright
 Absent: 1 - Sandoval

6. Old and Ongoing Business List

6a. Staff Response to Commissioner Meiberger's Old and Ongoing Business List Item relating to Recommendation on Natural Resources Investments

At the request of Commissioner Meiberger, Item 6a was referred to the 6/10/03 meeting for consideration.

6b. Monthly Review of the Old and Ongoing Business List

Shauna Rose, Executive Assistant, presented a written and oral report to the Board on this item.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Ellington to approve the Old and Ongoing Business List; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Wright
Absent: 1 - Sandoval

7. Report from the City Attorney relating to the Disability Application of Jim Beem

Dan Maguire, Deputy City Attorney, presented a written and oral report on this item.

Jim Beem presented his concerns to the Board.

The Board received the report from Mr. Maguire and assured Mr. Beem that they were aware of his case with the SFERS.

This was an information item only, no action taken.

8. Semi Annual Report on Concepts and Status of the Automated Retirement System

Ron Puff, IS Manager, presented a written and oral report on this item.

This was an informational item only, no action taken.

9. Report on Review of Actuarial Consulting Proposals; Selection of Semi-Finalists

Clare M. Murphy, Executive Director, presented a written and oral report on this item.

Action: It was moved by Commissioner Breall, seconded by Commissioner Meiberger to approve the selection of Semi-Finalists; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Wright
Absent: 1 – Sandoval

10. Executive Director's Report

The Executive Director explained that the SFUSD continues to have difficulties with its payroll and that the Retirement System has not been able to post data since September 2002. This backlog will result in the

System not being able to produce an annual statement for School District employees. This will be the third year that Retirement will not be able to provide this report to the School District in a timely manner. Staff has a meeting scheduled with the staff of the SFUSD the week of April 7 to address this issue.

Ms. Murphy explained that the Mayor's Budget Office, the Board of Supervisors' Budget Analyst and the Controller's Office submitted a report last week which referenced that the City's budget deficit is \$348 million for FY 2003-04. This deficit will be closed by the Mayor's Office when the Mayor presents his budget to the Board of Supervisors on June 1, 2003.

Ms. Murphy explained that the Mayor has made a global proposal to the Unions that are collectively bargaining in an attempt to close the City budget deficit. The proposal asks that all that labor organizations consider having their members pay the regular 7.5% employee contribution to the pension plan. This proposal ties directly into the operations of the Retirement System.

Ms. Murphy explained that she has provided the Board members with press articles on the pension plans of cities to give an overview of the status of other public pension plans.

Ms. Murphy informed the Board that the annual Statements of Economic Interest (Form 700) have all been filed in a timely manner with the Ethics Commission as required by law.

Ms. Murphy explained that staff and the Deputy City Attorney have met with representatives from the S.F. Central Labor Council to review the disability retirement procedures and have substantial agreement on a series of recommended disability changes. Staff hopes to bring the changes to the board at its 5/19/03 meeting.

Ms. Murphy explained that the City announced 400 layoffs last week. There is a still a very strong likelihood that further layoffs will take place which will impact Retirement staff's workload as individuals come to Retirement System with questions about their benefits, consider whether or not to leave City service, and other retirement related questions. Staff expects that this process will continue until such time as the budget is finalized in September, 2003. The budget for the City's Health Department and Human Services Department are dependent on the State budget so while the City will conclude its budget process there may be further adjustments that may be needed depending on the outcome of the State budget.

Ms. Murphy explained that staff has made presentations to labor organizations on the funded status of the Retirement plan. Towers Perrin will be available at the May 19th Board meeting to make a more extended review of the projections. Ms. Murphy distributed a presentation that enumerated the projections on the Pension Fund.

Ms. Murphy provided a list of educational opportunities for Board members. If any Board member is interested in attending any of these events, they should contact her office.

INVESTMENT CALENDAR

11. Approval of Recommendation to Appoint EAFE Value (International Equity) Manager

David Kushner, Deputy Director for Investments and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the recommendation and engaged in a question and answer session with the staff.

Action: It was moved by Commissioner Meiberger, seconded by Commissioner Breall to approve up to \$150 Million to the EAFE value (International Equity) Manager; motion passed by the following vote:
Ayes: 7 - Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

12. Approval of Investment Guidelines for Causeway Capital Management EAFE Value (International Equity) Portfolio

David Kushner, Deputy Director for Investments and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Investment Guidelines and engaged in a question and answer session with the staff.

Action: It was moved by Commissioner Meiberger, seconded by Commissioner Wright to approve Investment Guidelines for Causeway Capital Management EAFE Value (International Equity) Portfolio; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Wright
Absent: 1 - Sandoval

13. Approval of Revised Investment Guidelines for Oaktree Capital Management High Yield Fixed Income Portfolio

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Investment Guidelines and engaged in a question and answer session with the staff.

Action: It was moved by Commissioner Driscoll, seconded by Commissioner Meiberger to approve the revised Investment Guidelines for Oaktree Capital Management High Yield Fixed Income Portfolio; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Wright
Absent: 1 - Sandoval

14. Semi Annual Review of Real Estate for the Period Ending 12/31/02

David Kushner, Deputy Director for Investments, Don Holcher, Senior Investment Officer, and Micolyn Yalonis of The Townsend Group, presented a written and oral report to the Board on this item.

This was an informational item only, no action taken.

15. Approval of Amendment to GMAC Manager Investment Plan for 2003

David Kushner, Deputy Director for Investments, Don Holcher, Senior Investment Officer, and Micolyn Yalonis of The Townsend Group, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the amendment and engaged in a question and answer session with the staff.

Action: It was moved by Commissioner Meiberger, seconded by Commissioner Wright, to approve amendment to GMAC Manager Investment Plan for 2003, motion passed by the following vote:

Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Absent: 1 - Sandoval

16. Review of the Methodology of the Alternative Investment Consultant Selection

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the methodology and engaged in a question and answer session with the staff.

Action: It was moved by Commissioner Sandoval, seconded by Commissioner Breall, for staff to present at least two finalists, but not more than three finalists to be interviewed at the Special Meeting to be held on May 6, 2003 beginning at 8:30 am, with final selection to be considered at a Special Meeting of the Retirement Board to be held on May 19, 2003 beginning at 8:30 am. Staff will prepare its recommendation for the May 19, 2003 meeting; motion passed by the following vote:

Ayes: 7 - Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

17. Deputy Director for Investment's Report

The DDI reported that, as of the close of business on March 31, the preliminary fund value is approximately \$9.6 billion. After the payment of the February benefits, the benefits cash account dropped to approximately \$11 million. As required by policy, the DDI informed the Board that cash is being raised to bring this account back to 3 month's benefits payments.

The DDI informed the Board of asset allocation movements during the month of March, and provided a current asset Allocation report indicating compliance with Asset Allocation Policy,

The DDI provided the Board an updated list of names involved in the sale and production of Tobacco products, and informed the Board this list will be sent to all managers to ensure their compliance with the SFERS "No Tobacco" policy.

The Large Cap Value RFP was released to 45 to 50 firms during the second week of March. The responses are due back by the close of business April 25.

The DDI reported there are no corporate developments to report at this time. Finally, the Board voted on 5 proxy issues, approving Staff recommendations.

[3:40-3:43 pm Commissioner Meiberger left the meeting room]

18. Request for Unforeseeable Emergency Withdrawals From the 457 Plan

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

- | | |
|----------------------|---------------------|
| a. Josie Alegre | f. Melvin Moses |
| b. Dionne Banks | g. Mark Smith |
| c. Andre L. Daye | h. Donald J. Stocum |
| d. Adrian DeLas Alas | i. Linell Williams |
| e. Siobhan McAuliffe | j. Joean Wright |

Action: It was moved by Commissioner Breall, seconded by Commissioner Casciato to approve the Unforeseeable Emergency Withdrawals; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Driscoll, Ellington, Wright

Absent: 2 - Meiberger, Sandoval

19. Review of the Investment Assessment Performance for the San Francisco Deferred Compensation (457) Plan for the period ending 12/31/02

The following KPMG representatives presented the semi-annual report to the Board: Ramon Polin, Regional Investment Consultant, and Donn Reinelt, Director. The Board recommended review of the "watch list" criteria by the Deferred Compensation Committee for consideration to adopt into future reports.

20. Deferred Compensation Manager Report

Carol Cyfert, Deferred Compensation Plan Manager, provided an update on the progress of the Request for Proposals (RFP) for Consultant and informed the Board that interviews will be conducted on Wednesday, April 9, 2003. Recommendation of the finalist will be presented at the May 19, 2003 Board meeting.

ING Enrollment Activity Report for January 2002 - Carol Cyfert provided a monthly ING activity report for committee review.

Participant Education and Educational Tools Provided by ING - Carol Cyfert provided general information regarding educational options available to participants. Ms. Cyfert informed the board that staff is currently working with ING to provide additional information regarding investment options to participants through statement stuffers, mailers, workshops, and web sites.

21. Board Member's Report

Commissioner Ellington explained that he will not attend the Institute for International Research Annual Private Equity and Venture Capital Markets Summit in New York (scheduled for April 1-3, 2003) for personal reasons.

Commissioner Wright asked who was authorized to be the spokesperson for the Retirement Board.

Commissioner Casciato cited his concern relating to four disability retirement cases where the hearing officer decision has not rendered a decision in a timely fashion. Secondly, he expressed his comment in having the members' inquiries logged so they could be tracked. Lastly, he spoke of the Public Funds Conference he attended recently which was both interesting and informative.

Commissioner Meiberger expressed his desire to have members informed of the Retirement Board meetings when their cases are being considered. Secondly, he spoke of the actuarial request for benefit enhancement and wanted to obtain the actuarial analysis regarding the City's contribution rates referenced in a 3/21/03 report prepared by the City.

Clare Murphy, the Executive Director, explained that the Controller prepared the 3/21/03 analysis and that Commissioner Meiberger's inquiry should be directed to Ed Harrington at the Controller's Office.

PUBLIC COMMENT

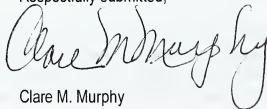
Jean Thomas, the Editor for the Monthly Bulletin of the Retired Employees of the CCSF, Inc., explained that anyone who wishes to write an article and express their opinions for the Retired Employees Newsletter is welcome to do so.

Lois Black, Retirement System Member, read a statement that noted that she had attended a meeting for SEIU Local 790, where the SF Labor Council directed a letter to Clare Murphy, the Executive Director, asking that an actuarial cost analysis for benefit enhancement for miscellaneous members was discussed. She urged that the study be completed expeditiously and further asked that any remaining funds that are allocated for this study be carried over to next fiscal year.

Ms. Murphy reported that the Labor Council had not responded to a response letter sent by her requesting a meeting to clarify proposals.

There being no further business, the Board adjourned its meeting ended at 4:40 pm.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Clare M. Murphy". The signature is fluid and cursive, with the first name "Clare" being more prominent and the last name "Murphy" written in a continuous script.

Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth are all actions taken by the Retirement Board on the matters stated but not necessarily in the chronological sequence in which the matters were considered.

April 1, 2003

To: San Francisco Employees' Retirement System Board

From: Lois S. Black, System Member

Last night I attended a meeting of the Retirement Committee for SEIU Local 790. During the course of that meeting a copy of the letter sent from Tom Harrison of the Public Employees Committee of the San Francisco Labor Council to Clare Murphy dated March 14, 2003 was distributed to all attendees.

Briefly stated, the letter requested Ms. Murphy to go forward with an actuarial cost analysis for a benefit enhancement for miscellaneous members. The retirement committee of Local 790 came to agreement that the actuarial study be completed as soon as possible.

Also, if any monies that are allocated for this purpose are not used in this fiscal year, would it be possible for the balance of the already allocated monies to be carried forward into the next fiscal year? Thank you.



MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Ave., Suite 3000
San Francisco, CA 94102

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MAY 22 2003

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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

MAY 6, 2003

8:30 AM

Present:	E. David Ellington	President
	Joseph Driscoll	Vice-President
	William Breall	Commissioner
	Herb Meiberger	Commissioner
	Gerardo Sandoval	Supervisor
Absent:	Al Casciato	Commissioner
	Brenda Wright	Commissioner
	Clare M. Murphy	Executive Director
	Retirement System	

RETIREMENT BOARD REGULAR MEETING

MAY 6, 2003 MINUTES

PUBLIC COMMENT

Members of the public shall have an opportunity to directly address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board now or at the time an item on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

President Ellington reviewed the Public Comment procedures for the attendees.

REGULAR CALENDAR

1. Interview candidates for Alternative Investment Consultant.

The Board received a presentation from Cambridge Associates. Board members engaged in a question and answer session with the representatives from Cambridge Associates.

9:45 am – 10:00 am The Retirement Board recessed

The Board received a presentation from Portfolio Advisors LLC. Board members engaged in a question and answer session with the representatives from Portfolio Advisors LLC.

10:45 am – 10:55 am The Retirement Board recessed

The Board received a presentation from Pacific Corporate Group. Board members engaged in a question and answer session with the representatives from Pacific Corporate Group.

11:40 am Commissioner Sandoval left the meeting.

This was a presentation only, no action taken.

2. Review of Additional Required Due Diligence for the Alternative Investment Consultant Candidates.

The Board gave direction to David Kushner, Deputy Director for Investments to define the additional due diligence required for the Alternative Investment selection process.

Public Comment under Item 2:

Jean Thomas, asked that when the SFERS staff interviews the Alternative Investment Consultants each firm should be asked if any of the principles of the firms have made political contributions to public officials.

Patricia Bohr, voiced her concern that the Retirement Board was considering Pacific Corporate Group and urged the Board to not approve this firm. She asked that Cambridge Associates be retained.

DEFERRED COMPENSATION CALENDAR

3. Review and Selection of Deferred Compensation Plan Consultant.

The Board approved the recommendation to hire Mercer Investment Consulting, Inc. to assist in the review of plan administrator and preparation of RFP for plan administration for the San Francisco City and County Deferred Compensation Plan.

Action: It was moved my Commissioner Meiberger, seconded by Commissioner Breall to hire Mercer Investment Consulting, Inc. to assist in the review of plan administrator and preparation of RFP for plan administration for the San Francisco City and County Deferred Compensation Plan; motion passed by the following vote:

Ayes: 4 - Breall, Driscoll, Ellington, Meiberger

Absent: 3- Casciato, Sandoval, Wright

REGULAR CALENDAR

4. Request Authorization for Herb Meiberger, Commissioner, to attend State Association of County Retirement Systems Spring Conference to be held on May 13-16, 2003 in Costa Mesa, CA.

The Board discussed and engaged in a question and answer session regarding the travel request.

Action: It was moved by Commissioner Breall, seconded by Commissioner Meiberger to approve the travel request; motion passed by the following vote:

Ayes: 4 - Breall, Driscoll, Ellington, Meiberger

Absent: 3 - Casciato, Sandoval, Wright

Commissioner Driscoll moved for reconsideration of Item 4. Seconded by Commissioner Breall.

Action: It was moved by Commissioner Driscoll to reconsider Item No. 4, and seconded Commissioner Breall; motion passed by the following vote:

Ayes: 3 - Breall, Driscoll, Ellington

Noes: 1 – Meiberger

Absent: 3 – Casciato, Sandoval, Wright

Action: It was moved by Commissioner Breall, seconded by Commissioner Ellington to approve Item 4; motion passed by the following vote:
Ayes: 3 - Breall, Ellington, Meiberger
Noes: 1 - Driscoll
Absent: 3 - Casciato, Sandoval, Wright

5. Request Authorization for E. David Ellington, Commissioner, to attend the National Association of Securities Professionals Conference to be held on June 17-21, 2003 in Atlanta, GA

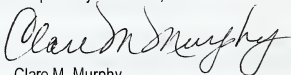
The Board discussed and engaged in a question and answer session regarding the travel request.

Action: It was moved by Commissioner Breall, seconded by Commissioner Meiberger, to approve travel request for President Ellington; motion passed by the following votes:

Ayes: 4 - Breall, Driscoll, Ellington, Meiberger
Absent: 3 - Casciato, Sandoval, Wright

There being no further business, the Board adjourned its meeting at 11:50 am.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Clare M. Murphy". The signature is fluid and cursive, with the first name "Clare" being more prominent.

Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth are all actions taken by the Retirement Board on the matters stated but not necessarily the chronological sequence in which the matters were considered.



MINUTES

RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO

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San Francisco, CA 94102

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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

MAY 19, 2003

8:30 AM

Present: E. David Ellington	President
Joseph Driscoll	Vice-President
William Breall	Commissioner
Al Casciato	Commissioner
Herb Meiberger	Commissioner
Gerardo Sandoval	Supervisor
Brenda Wright	Commissioner
Clare M. Murphy Retirement System	Executive Director

RETIREMENT BOARD REGULAR MEETING

MAY 19, 2003 MINUTES

PUBLIC COMMENT

Members of the public shall have an opportunity to directly address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board now or at the time an item on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

President Ellington reviewed the Public Comment procedures for the attendees.

The following individuals addressed the Retirement Board under Public Comment:

Mike Hebel, representing the San Francisco Police Officers' Association, spoke about the denial of a disability retirement for a member, William Setzler. He asked the Retirement Board to reconsider this issue.

William Setzler, said that he has been denied his pension and that the Sheriff's Department has refused to return him to work. He asked the Retirement Board to correct this matter.

Supervisor Gerardo Sandoval arrived at meeting 8:40 am

Richard Rothman spoke in support of retaining Cambridge Associates for the Alternative Investment Consultant. He felt that the Retirement Board meetings should be held in the late afternoon or early evening. Lastly, he wanted to know when the position of actuary would be filled.

Deborah Maguire voiced her opposition to the selection of Pacific Corporate Group as the Alternative Investment Consultant and urged the Retirement Board to continue with Cambridge Associates as the Alternative Investment Consultant.

Claudia Davison an employee of the Port, and a member of Local 21, spoke in support of retaining Cambridge Associates as the Alternative Investment Consultant.

Kathleen Price, a member of Local 21, urged that Cambridge Associates be retained as the Alternative Investment Consultant. She further stated that she felt Portfolio Advisors was too small of a firm.

Tim O'Brien, representing the San Francisco Fire Department Retirees, supported staff's recommendation for the Alternative Investment Consultant.

Charles Belor, an employee of MUNI, said he had concerns about the staff report for the Alternative Investment Consultant and wanted to see a cost comparison of the firms. He said it was his understanding that Cambridge Associates has done a good job and that Pacific Corporate Group has extremely high fees.

Glenda Lavigne, a member of Local 200, submitted a petition supporting Cambridge Associates as the Alternative Investment Consultant and said that the membership should have a say as to which firm is selected as the Alternative Investment Consultant.

Antoinette Candelaria, said that they have mailed thousands of letters regarding the selection of the Alternative Investment Consultant and that they are very concerned about the Retirement Board selecting the firm of Pacific Corporate Group.

Maria Bean spoke in support of the selection of Cambridge Associates for the Alternative Investment Consultant.

Steve Fullen spoke in support of the selection of Cambridge Associates for the Alternative Investment Consultant.

Marshal Hallen told the Retirement Board that she looked to them to protect her interests.

Dr. Roop Jindal voiced his opposition to the selection of Pacific Corporate Group as the Alternative Investment Consultant and urged the Retirement Board to continue with Cambridge Associates as the Alternative Investment Consultant.

Betty Barnes, representing Local 250A, spoke in support of Cambridge Associates as the Alternative Investment Consultant.

Ms. Eddie Matchett, a retiree, said she was not in favor of Pacific Corporate Group and preferred to retain Cambridge Associates as the Alternative Investment Consultant.

Carmen Peterson, presented petitions to the Retirement Board and urged the Board to consider their concerns about Pacific Corporate Group and their desire to retain Cambridge Associates as the Alternative Investment Consultant.

Ron Dicks, representing Local 21, spoke in support of retaining Cambridge Associates for the Alternative Investment Consultant.

Elita Briomeyer, a retiree, said that there would be transaction costs to the Pension Fund if investment managers were changed. She also questioned a five-year contract with a firm for which the Retirement System has no history.

Kay Wong voiced her opinion that she would like to see Cambridge Associates retained as the Alternative Investment Consultant.

Nancy Gin urged the Retirement Board to continue with Cambridge Associates as the Alternative Investment Consultant.

Lillian Schauzhen, a retiree, spoke in support of retaining Cambridge Associates as the Alternative Investment Consultant.

William Sisk, President of Local 250-A, presented a petition that reflected that 100% of their members are opposed to changing the Alternative Investment Consultant. He voiced his support to retain Cambridge Associates as the Alternative Investment Consultant.

Walter Johnson, representing the San Francisco Labor Council, explained that the Council submitted a letter to the Retirement Board expressing their opposition to Pacific Corporate Group and their strong support to retain Cambridge Associates as the Alternative Investment Consultant.

Alex Sepehr, an employee from the Bureau of Engineering, demanded that the Retirement Board retain Cambridge Associates as the Alternative Investment Consultant.

Jean Thomas, a retiree, said that people are rejecting Pacific Corporate Group. She voiced her support to retain Cambridge Associates as the Alternative Investment Consultant and did not see any reason to select a smaller firm.

Gene Spake, a retiree, spoke in support of retaining Cambridge Associates as the Alternative Investment Consultant.

9:10 am - 9:20 am Gerardo Sandoval was absent from the meeting

Kathy Smookler, an employee of the Airport, voiced her support to retain Cambridge Associates as the Alternative Investment Consultant rather than the smaller firm, Portfolio Advisors.

9:55 am to 10:00 am the Retirement Board recessed

REGULAR CALENDAR

1. Minutes of the April 1, 2003 and May 6, 2003 Board Meeting

Action: It was moved by Commissioner Breall, seconded by Commissioner Sandoval to approve the minutes as submitted; motion passed by the following vote:

Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Sandoval, Wright

Absent: 1 – Meiberger

2. Interview of Consulting Actuarial Services Candidates

The Board received a presentation from Leslie Finertie, Tom Matthews and John Small, representing Towers Perrin. Board members engaged in a question and answer session with the representatives from Towers Perrin.

12:10 pm-12:15 pm the Retirement Board recessed

The Board received a presentation from Christopher Bone, John Bartel, Ronnie Thierman and Doug L. Pryor representing Aon Consulting. Board members engaged in a question and answer session with the representatives from Aon Consulting.

12:35-12:37 pm Commissioner Sandoval was absent from the meeting.

The Board received a presentation from Rick Roeder and Norman Losk representing Gabriel, Roeder, Smith. Board members engaged in a question and answer session with the representatives from Gabriel, Roeder, Smith

12:50 pm-12:55 pm the Retirement Board recessed

3. Discussion and Direction of Staff Regarding Additional Due Diligence for Consulting Actuarial Services Firm

The Board gave direction to Clare M. Murphy, Executive Director, with regards to the due diligence process for evaluation of the Consulting Actuarial Services candidates.

This was an informational item only, no action taken.

4. Consideration to Amend the Retirement Rules (First Reading) as it Relates to Board Meeting Dates

The Board reviewed and discussed the change in meeting dates and engaged in a question and answer session.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Meiberger to move the regular meeting date from the first Tuesday at 12:30 pm to the second Tuesday of the month beginning at 8:30 am, effective June 10, 2003; motion passed by the following vote:
Ayes: 7 - Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

5. Approval of the following policies for the Retirement Board (First Reading):

- 5a Code of Conduct Policy for the Retirement Board**
- 5b Revisions Governance Principles**
- 5c Board Terms of Reference**
- 5d President and Vice President Terms of Reference**

2:20 pm Commissioner Wright left the meeting.

The Board reviewed and discussed the Retirement Board policies and engaged in a lengthy question and answer session, discussion ensued. The Board discussed a number of issues including the definition of the term "legal remedy" and an amendment to Item 21 from a simple majority to a super majority.

- 5a. It was moved by Commissioner Casciato, seconded by Commissioner Breall to approve the "Code of Conduct Policy as amended under Item 21; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Driscoll, Ellington, Sandoval
Noes: 1 - Meiberger
Absent: 1 - Wright

- 5b. It was moved by Commissioner Breall, seconded by Commissioner Sandoval to approve the revisions to the Governance Principles; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Driscoll, Ellington, Sandoval
Noes: 1 - Meiberger
Absent: 1 - Wright

- 5c. It was moved by Commissioner Breall, seconded by Commissioner Sandoval to approve the Board Terms of Reference; motion passed by the following vote:

Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval

Absent: 1 - Wright

5d. It was moved by Commissioner Breall, seconded by Commissioner Sandoval to approve the President and Vice President Terms of Reference as amended; motion passed by the following vote:

Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval

Absent: 1 - Wright

6. Retirement System Travel Expense Report for the Period Ending March 31, 2003

The Board reviewed and discussed the travel report.

This was an informational item only, no action taken.

7. CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

7a. Voluntary Retirement Board List No. 11-03

7b. Decision of Hearing Officers

◆ Richard W. Brown Effective Date: 07/08/02	H-20 Lieutenant/Fire Dept	Industrial Disability Retirement/Stip Granted
◆ John K. Canada Effective Date: 07/04/00	H-2 Firefighter/Fire Dept.	Industrial Disability Retirement/Stip Granted
◆ Alan J. Crestetto Effective Date: 06/30/03	Q-4 Police Officer III/Police Dept.	Industrial Disability Retirement/Stip Granted
◆ Joseph A. Douglass Effective Date: 01/10/03	H-20 Lieutenant/Fire Dept.	Industrial Disability Retirement/Stip Granted
◆ Michael C. Ferguson Effective Date: 02/01/03	1637 Account Clerk/DPH	Ordinary Disability Retirement Granted
◆ Dorothy Freeman Effective Date: 08/01/02	9163 Transit Opera./Muni	Ordinary Disability Retirement Granted
◆ Edward J. Fulwiley Effective Date: 01/14/03	9163 Transit Oper./ Muni	Ordinary Disability Retirement Granted
◆ Christopher S. Gonzalez Effective Date: 03/01/02	9163 Transit Oper./Muni	Ordinary Disability Retirement/Vest Granted

◆ Ronald Louie Effective Date: 08/16/02	H-43 EMS Sec0tion Chief/Fire Dept.	Industrial Disability Retirement/Stip Granted
◆ Barbara Lunstrum-Belshan Effective Date: 12/01/01	2905 Sr. Eligib.Wrkr./DHR	Ordinary Disability Retirement/Stip Granted
◆ Gary A. May Effective Date: 02/16/00	H-20 Lieutenant/Fire Dept.	Industrial Disability Retirement/Stip Granted
◆ Emma Maza Effective Date: 08/01/02	2430 Med. Eval. Asst./DPH	Ordinary Disability Retirement Granted
◆ Patrick McLaughlin Effective Date: 05/09/02	H-30 Captain/Fire Dept.	Industrial Disability Retirement/Stip Granted
◆ Virgilio A. Mendoza Effective Date: 06/01/01	7410 Auto Serv. /Muni	Ordinary Disability Retirement Granted
◆ Henry L. Raney Effective Date: 06/05/02	H-2 Firefighter/Fire Dept.	Industrial Disability Retirement/Stip Granted
◆ Terry Rice Effective Date: 01/18/03	2481 Water QltyTech/PUC	Ordinary Disability Retirement/Vest Granted
◆ Anthony R. Stefani Effective Date: 02/18/02	H-30 Captain/Fire Dept.	Industrial Disability Retirement/Stip Granted
◆ Charles L. Terry Effective Date: 08/03/02	H-10 Chief's Oper./Fire Dept	Industrial Disability Retirement/Stip Granted
◆ James M. Tracey Effective Date: 03/24/01	H-50 Asst. Chief/Fire Dept.	Industrial Disability Retirement/Stip Granted
◆ John M. Traversaro Effective Date: 06/30/01	H-40 Batt. Chief/Fire Dept.	Industrial Disability Retirement/Stip Granted
◆ William N. Welch Effective Date: 01/07/03	0402 Dep. Chief III /Police	Industrial Disability Retirement/Stip Granted
◆ Daniel Wright Robert Wright (Deceased) Effective Date: 09/01/96	2305 Psych. Tech/SFGH	Ordinary Disability Retirement/Stip Granted

7c. Petition for Rehearing

◆ Alicia Caloca Effective Date: 12/01/01	2903 Eligibility Worker/DHS	Ordinary Disability Retirement Denied
◆ Tavita Siataga	9163 Transit Operator/Muni	Ordinary Disability Retirement

7d. Dismissal of Disability Retirement Application

- | | |
|--|----------------------------------|
| ◆ Danita F. Davis - Ret. # C1585 | Ordinary Disability Retirement |
| ◆ Dennis Dillard – Ret. # 83829 | Industrial Disability Retirement |
| ◆ Luzviminda A. Esparrago – Ret.#B2731 | Ordinary Disability Retirement |

- 7e. Request authorization for Brenda Wright, Commissioner, to attend the National Association of Securities Professionals (NASP) Conference to be held in Atlanta, GA on June 17-21, 2003.
- 7f. Request authorization for Dan Maguire, Deputy City Attorney, to attend the National Association of Public Pension Attorneys (NAPPA) Conference to be held on June 25-27, 2003 in San Francisco, CA.
- 7g. Request authorization for Carol Cypert, Deferred Compensation Manager, to attend the Western Pension & Benefits Conference to be held in Monterey, CA on June 22-25, 2003.

ACTION: It was moved by Commissioner Breall, seconded by Commissioner Meiberger to approve the Consent Calendar; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval
Absent: 1 - Wright

8. Old and Ongoing Business List

Shauna Rose, Executive Assistant, presented a written and oral report to the Board on this item.

ACTION: It was moved by Commissioner Breall, seconded by Commissioner Meiberger to approve the Old and Ongoing Business List; motion passed by the following vote:
Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval
Absent: 1 - Wright

9. Executive Director's Report

The Executive Director explained that in an effort to protect against identify theft, beginning with the May 2003 pay warrants, the first five digits of the member's social security number will be replaced with asterisks while the last four digits will continue to be printed. An advice message will be included in the June warrants explaining this precautionary measure.

The Executive Director explained that there are three Charter Amendments proposed for the November ballot that directly affect the Retirement System:

- The first Charter amendment is to create another pension plan for District Attorney investigators, District Attorneys, Public Defender investigators, and Public Defenders and would provide them with same level of service pension benefits that are available to police and firefighters. With respect to disability, they would have the same benefits as those afforded miscellaneous employees.

- The second Charter amendment is a targeted early retirement schedule, which will offer certain miscellaneous employees that are laid off, under a very complex set of provisions, a 3 years of age plus 3 years of service. The amendment is a multi-year provision that is set to run July 1, 2003 to June 30, 2005. There is an additional provision to the Charter amendment to allow the offer to be extended for another two-year period by a super majority vote of the Board of Supervisors; it would sunset no later than June 30, 2007. The analysis of this legislation has not yet begun.
- The third Charter amendment would give SFERS some responsibilities relating to the Health Service System, and affects employees hired after January 1, 2004. It creates a service-based entitlement to retiree medical coverage. The SFERS would calculate the standardized measure of service for each participant.

The City has concluded 40 labor negotiations. The terms of the Memoranda of Understanding (MOU) include a return of the responsibility for the employee to contribute up to 7 ½ % of pay which is the rate mandated by the Charter for all but 2000 employees who were hired most recently prior to 1976. A number of non-24/7 have negotiated additional paid time off. The Board of Supervisors is in process of considering these MOUs.

In light of the potential layoffs, employees of the Courts, Community College and Unified School District may have "bumping rights" to/from City departments which will affect the calculation of contributions and the proper deduction of pension contributions. Staff will be working diligently to monitor which department the laid off employees "bumps to" so they have the right deduction of pension contributions from their payroll.

The Executive Director explained that with respect to workload update, the System is having a busy year, with almost 1300 applications for retirement for this fiscal year. This figure reflects the large number of safety officers who were awaiting determination of Proposition H as well as employees responding to workflow reductions due to the budgetary situation. Additionally, there are a large number of individuals changing deferred compensation levels and reconsidering buy back options adding to the workload.

The Executive Director explained that the Controller's Office has prepared a revised set of rules and regulations regarding travel and they have been distributed the document to Board members.

Ms. Murphy provided a list of educational opportunities for Board members. If any Board member is interested in attending any of these events, they should contact her office.

Lastly, the Executive Director explained that the Retirement System was given notice on May 7 that the budget process for the Board of Supervisors would change dramatically this year. Normally, budget hearings occur the last week of June. This year, on May 7, 2003 SFERS was notified that there would be a budget hearing for the department on May 14, 2003. SFERS will report on its budget to the Board of Supervisors on May 28, 2003. Staff has just received preliminary recommendations from the Board of Supervisors' Budget Analyst, and there are significant adjustments to materials and supplies, premium pay and two position adjustments. The Budget Analyst has recommended that one secretarial position be funded only at 50% and that the Board Commission secretary position be deleted.

INVESTMENT CALENDAR

10. Alternative Investment Consultant Final Recommendation

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the recommendation and engaged in a question and answer session.

ACTION: It was moved by Commissioner Breall, seconded by Commissioner Driscoll, to approve Portfolio Advisors as the Alternative Investment Consultant; motion passed by the following vote:

Ayes: 6 - Breall, Casciato, Driscoll, Ellington, Sandoval, Wright

Noes: 1 - Meiberger

3:38 pm Commissioner Sandoval left the meeting.

11. Manager Investment Guidelines for LSV Asset Management and International EAFE

David Kushner, Deputy Director for Investments, and Carl Wilberg, Senior Investment Officer, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Guidelines and engaged in a question and answer session.

ACTION: It was moved by Commissioner Breall, seconded by Commissioner Casciato to approve the Guidelines for LSV Asset Management and International EAFE; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Driscoll, Ellington, Meiberger,

Absent: 2 - Sandoval, Wright

12. Proposed Proxy Rules and Regulations

12a. Recommendation to the proposed revisions to the SEC's proxy rules and regulations regarding procedures for the election of corporate directors.

12b. Authorization for Institutional Investors to have Access to the Proxies Shareholders

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the proxies and engaged in a question and answer session.

ACTION: It was moved by Commissioner Casciato, seconded by Commissioner Breall to approve the proposed Proxy Rules and Regulations; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Driscoll, Ellington, Meiberger,

Absent: 2 - Sandoval, Wright

13. Deputy Director for Investment's Report

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

13a. Proxy Votes

The Board voted a Proxy for Ingersoll Rand to remain as a Bermuda corporation.

13b. Investment Updates

Mr. Kushner reported that as of May 12, the fund was valued at approximately \$10.2 billion dollars. He informed the Board of movements within sub-asset classes and reported that the Fund Asset Allocation is well within the bounds set by the Board. The AFL/CIO Housing Investment Trust and Hyperion/Lend Lease were both placed on the Under Review list during the past month.

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

14. Request for Unforeseeable Emergency Withdrawals

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

a.	Anthony D. Baeze	j.	Mary M. Swanson
b.	Evelyn Buitrago-Morales	k.	Anthony Senores
c.	Richard Cooper	l.	Cedric H. Smith
d.	Janis L. Crumb	m.	Lan Thi Ung
e.	Clodualdo E. Gunabe	n.	James Wade
f.	Gail Hamilton	o.	Cynthia Watkins
g.	John Jones	p.	Chris Whaley
h.	Gorgonia A. Martin	q.	Lai Yu
i.	Janet Meth		

ACTION: It was moved by Commissioner Breall, seconded by Commissioner Casciato, to approve the Deferred Compensation Calendar; motion passed by the following vote:
Ayes: 5 - Breall, Casciato, Driscoll, Ellington, Meiberger
Absent: 2 - Sandoval, Wright

15. Deferred Compensation Manager Report

- ◆ Carol Cypert, Deferred Compensation Manager, provided a monthly ING activity report for the Board's review.
- ◆ June Statement Stuffer - ING System Log-on Procedures – Ms. Cypert provided information to the Board regarding the statement stuffer that will be included with the June 2003 statement to participants.

- ◆ Letter From ING Regarding Fixed Rate Account - Ms. Cypert provided information to the Board regarding the Fixed Rate Account. Even though ING reduced rates by 30 basis points for all of their customers, the Fixed Rate Account within the San Francisco Deferred Compensation Plan will remain at 4.675%.

CITY ATTORNEY'S REPORT

16. City Attorney's Report

- ◆ Discussion on Senate Bill 766 regarding proposed changes to State Corporate Securities Law.
- ◆ Sunshine and 700 Rules for Officials

Dan Maguire, Deputy City Attorney, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the City Attorney's report and engaged in a question and answer session.

ACTION: It was moved by Commissioner Casciato, seconded by Commissioner Meiberger to approve sending a letter to Senate regarding SB 766; motion passed by the following vote:

Ayes: 5 - Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: 2 - Sandoval, Wright

VOTE ON WHETHER TO HOLD A CLOSED SESSION TO CONFER WITH LEGAL COUNSEL

It was moved by Commissioner Casciato, seconded by Commissioner Breall to confer with Legal Counsel; motion passed by the following vote

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

Present: President Ellington
Vice-President Driscoll
Commissioner Breall
Commissioner Casciato
Commissioner Meiberger
Dan Maguire, Deputy City Attorney
Clare Murphy, Executive Director
Jay Huish, Deputy Director
Shauna Rose, Executive Assistant

STARTED 3:55 PM

ENDED 4:00 PM

CLOSED SESSION

17. Pursuant to the Ralph M. Brown Act, Government Code Section 54956.9 and the Sunshine Act, San Francisco Administrative Code Section 67.10, the Retirement Board will meet in closed session.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
as Possible Defendant and/or Plaintiff
Government Code §54956.9(b)(1); S.F. Administrative Code §67.11
(Two Cases)

The Retirement Board reconvened in open session at 4:00 p.m.

ACTION: It was moved by Commissioner Breall, seconded by Casciato, not to disclose the discussion held in closed session; motion was passed by the following vote:
Ayes: 5 – Breall, Casciato, Driscoll, Ellington, Meiberger
Absent 2 – Sandoval, Wright

18. **Board Member's Report**

Commissioner Casciato, met with Police Officer's Association (POA) regarding Gilmore payments. CALPERS has provided a package that modifies the policies. The POA raised two issues and Commissioner Casciato asked staff to research the matter and report back to the board at the July meeting.

Commissioner Casciato said criminal investigators received layoff notices in December that their positions will be eliminated and that they will no longer be members of PERS but will become miscellaneous. He will refer these issues to Deputy Director, Jay Huish.

President Ellington asked staff to ascertain the cost of printing and sending a quarterly newsletter for active and retired members of the SFERS.

19. **Adjournment**

There being no further business, the Board adjourned its meeting ended at 4:00 pm.

Respectfully submitted,



Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth all actions taken by the Retirement Board on the matters stated but not necessarily in the chronological sequence in which the matters were considered.



MINUTES

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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

JUNE 10, 2003

8:30 AM

Present: E. David Ellington

President

Joseph Driscoll

Vice-President

William Breall

Commissioner

Al Casciato

Commissioner

Herb Meiberger

Commissioner

Gerardo Sandoval

Supervisor

Brenda Wright

Commissioner

Clare M. Murphy
Retirement System

Executive Director

RETIREMENT BOARD REGULAR MEETING

JUNE 10, 2003 MINUTES

PUBLIC COMMENT

Members of the public shall have an opportunity to directly address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board now or at the time an item on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

President Ellington reviewed the Public Comment procedures for the attendees.

The following individuals addressed the Retirement Board under Public Comment:

Marguerite Young, representing SEIU, appreciated the work that has gone into the Code of Conduct and Governance policies and wanted Item 10g removed from the Consent Calendar to be considered separately. She submitted suggested language changes to the Code of Conduct, which she felt, would result in better policies for the Board.

Winchell Hayward, President of Local 21, and future president of San Francisco City Employees Retirees Association, asked for the Board's endorsement for a proposed Charter Amendment which would require all board members to be present for Retirement Board meetings for due process. The amendment also sets up a mechanism for declaring a vacancy. He was hopeful to have this amendment on the November 2003 ballot.

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

1. Presentation of 457 Delivery Options by Mercer Investment Consulting. Discussion and Direction from the Retirement Board

The Board received a presentation from Carol Cypert, Deferred Compensation Manager, and Wendy Young of Mercer. Board members engaged in a question and answer session with the representatives from Mercer and Ms. Cypert.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Sandoval, to prepare a dual Request for Proposal with both the bundled and alliance delivery models for the 457 Plan. The motion failed to pass by the following vote:

Ayes: Casciato, Sandoval

Noes: Breall, Driscoll, Ellington, Meiberger, Wright

Action: It was moved by Commissioner Sandoval, seconded by Commissioner Casciato, to adopt the staff recommendation for Alliance delivery model with transparency in pricing.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

Separately, Commissioner Sandoval asked that the respondents furnish the Retirement System on how the firms can outsource the administrative side to small businesses including disadvantaged business enterprises.

2. Request for Unforeseeable Emergency Withdrawals

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

- | | | |
|----|------------------|-------------------|
| a. | Cynthia Ellis | Edward Harrison |
| b. | Billie J. Nabors | Githaiga Ramsey |
| c. | Ronald Steele | Sixta M. Santiago |

Action: It was moved by Commissioner Breall, seconded by Commissioner Casciato to approve the request for unforeseeable emergency withdrawals.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

3. Deferred Compensation Manager Report

Carol Cypert, Deferred Compensation Manager confirmed that the Request for Proposal (RFP) for the Plan Administrator would be drafted using an alliance approach as directed by the Retirement Board. The draft of the RFP would be provided for review and discussion at the next board meeting.

REGULAR CALENDAR

4. Minutes of the May 19, 2003 Board Meeting

Action: It was moved by Commissioner Meiberger, seconded by Commissioner Breall, to approve the minutes of the May 19, 2003 board meeting as amended.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

5. Consulting Actuarial Services Consultant Final Selection

Clare Murphy, Executive Director, provided a written and oral presentation.

The Board reviewed and discussed the recommendation and engaged in a question and answer session.

Action: It was moved by Commissioner Meiberger, seconded by Commissioner Breall, to retain the firm of Towers Perrin as the Actuarial Services Consultant for the San Francisco City Employees' Retirement System with the following provisions: a limitation on liability not greater than the current contract and a first year expense limit of not more than \$150,000.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Noes: Sandoval

6. Consideration of amendment to the Retirement Rules as it relates to the Election of President and Vice President. (First Reading)

Action: It was moved by Commissioner Meiberger, seconded by Commissioner Breall, to amend the Retirement rules as it relates to the term dates for the Election of President and Vice President (First Reading)

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Absent: Sandoval

7. Consideration of the Terms of Reference for the Six (6) Committees of the Retirement Board. (First Reading)

Action: It was moved by Commissioner Meiberger, seconded by Commissioner Wright, to adopt the Terms of Reference for the Six (6) Committees of the Retirement Board. (First Reading)

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Absent: Sandoval

8. Old and Ongoing Business List

8a. Commissioner Meiberger's Request to Review Natural Resources Investments

Commissioner Meiberger provided a written and oral presentation to the Board on this item. The Board referred this item for future consideration to Commissioner Joe Driscoll, chair of the Alternatives Investment Committee.

8b. Monthly Review of the Old and Ongoing Business List

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the Old and Ongoing Business List and engaged in a question and answer session on items on the list. Commissioner Meiberger added an item to poll other boards and commissions to ascertain if they have alternate board member seats.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Meiberger, to approve the Old and Ongoing Business List.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Absent: Sandoval

9. Review and approval of the revised 1816 Actuary Job Specification as presented by the Department of Human Resources (DHR).

Mr. Robert Pritchard of the Department of Human Resources provided a written and oral presentation to the Board on this item.

Action: It was moved by Commissioner Breall, seconded by Commissioner Casciato, to approve the revised Classification 1816 Actuary Job Specification as presented by the Department of Human Resources (DHR).

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Absent: Sandoval

10. **CONSENT CALENDAR**

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

Action: It was moved by Commissioner Breall, seconded by Commissioner Casciato, to approve Items 10a through 10f of the Consent Calendar.

Approved by following vote:

Ayes: Breall, Casciato, Ellington, Meiberger, Sandoval

Absent: Wright, Driscoll

10a. Voluntary Retirement Board List No. 12-03

10b. Decision of Hearing Officers

Robert Childs Effective Date: 06/29/01	Class: H-28 Training Officer	Industrial Disability Retirement/Stip Granted
Rodolfo P. Cordero Effective Date: 06/01/02	9163 Transit Operator/ Muni	Ordinary Disability Retirement / Vest Granted
Andrea R. Davies Effective Date: 12/26/02	H-2 Firefighter / Fire Dept.	Industrial Disability Retirement Denied
Margo Gallagher Dennis Gallagher (Deceased) Effective Date: 05/02/01	Firefighter/Paramedic Fire Dept.	Death as a Result of Duty Granted
Fatia L. Sili Effective Date: 12/01/02	9131 Station Agent / Muni	Ordinary Disability Retirement/Stip Granted
Carmelo Vernale Effective Date: 01/01/03	7388 Utility Plumber / PUC	Ordinary Disability Retirement Granted
Cheryl Wong Effective Date: 10/14/03	2328 Nurse Practitioner/ DPH	Ordinary Disability Retirement Granted

10c. Petition for Rehearing

Nickolas Galarza
Effective Date: 03/01/02

7355 Truck Driver / DPW

Ordinary Disability Retirement
Denied

Janet Prieto

District Attorney Investigator

Refer back to Administrative Law
Judge for Proposed Decision

10d. Ratification of Request for Travel for Donald Holcher, Senior Investment Officer, to attend the DLJ Realty Partners Advisory Board Meeting, to be held in Santa Barbara, CA on May 19-21, 2003

10e. Approval of Request for Travel for Donald Holcher, Senior Investment Officer, to travel to San Diego on June 19-20, 2003, for Due Diligence trip with RREEF.

10f. Consideration to amend the Retirement Rules (Second Reading) as it relates to Board meeting dates

10:30 am-10:40 am the Retirement Board recessed

Item 10g was removed the Consent Calendar and considered separately

10g. Approval of the following policies for the Retirement Board (Second Reading):

Code of Conduct Policy for the Retirement Board
Revisions Governance Principles
Board Terms of Reference
President and Vice President Terms of Reference

Tom Iannucci, representing Cortex Applied Research, participated via speakerphone, and gave an oral and written presentation to the Board on the Terms of Reference for the Board, the President, and the Vice President and the Governance principles and the Code of Conduct Policy. The Board engaged in a lengthy discussion regarding the proposed Code of Conduct.

Board members discussed a proposed language change submitted by Ms. Young of SEIU for Item 10c of the Code of Conduct which read, ...*"To inform the President and the Executive Director in a timely fashion of any significant communications they have had with external parties, vendors, investment managers, consultants, or other service providers or their agents who have a business interest with the fund."* Ms. Young recommended the words "external parties" be removed from this item.

Commissioner Sandoval suggested the section be amplified and that the phrase, *"who have a business interest, with the Fund"* be added after the words, "external parties".

Commissioner Breall voiced his concern that perhaps there might be a separate item in the Code of Conduct for communication with the press and media. Commissioner Casciato said that there should be one official who is the spokesperson so that press knows that this is the rule established by the Retirement Board, a spokesperson for the Retirement System. Commissioner Wright noted that there should be a clear definition of the Board's position versus an individual board member's opinion. She further stated that most major corporations have a designated spokesperson.

Discussion followed regarding the definition of the word "significant". Commissioner Casciato suggested that the term "significant" might mean anything that will generate staff response, work or time or communication that may impact a staff response.

President Ellington suggested a phrase that said, "...who have a business interest with the fund, the media or represented or larger groups."

A lengthy discussion ensued regarding free speech. Commissioner Sandoval voiced his comment that fundamentally it is bad policy to legislate permissible speech and to whom you can speak. President Ellington said it was important to have clear language as Board members act as the fiduciary for the trust fund.

Deputy City Attorney Dan Maguire commented that identifying the groups protects the Fund.

President Ellington suggested that perhaps the Governance Committee could consider the concept of a staff report to be prepared once a month, which enumerates whom board members have spoken to or met with. Board members then discussed the merits of a reporting system, the issue of setting a precedent, and the administrative burden to maintain a log.

Action: On motion of Commissioner Sandoval, seconded by Commissioner Breall, the Board approved Section 9b of the Code of Conduct to read as follows:

"To refrain from counseling or advising or educating individual plan members or beneficiaries with regard to the technical provisions of their benefit entitlement options."

The motion passed by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Sandoval, Wright

Noes: Meiberger

Action: On motion of Commissioner Sandoval, seconded by Commissioner Casciato, the Board approved the following policies for the Retirement Board (Second Reading):

Code of Conduct Policy for the Retirement Board

Revisions Governance Principles

Board Terms of Reference

Section 10c of the Code of Conduct to read as follows:

"To inform the President and the Executive Director in a timely fashion of any significant communications they have had with vendors, investment managers, consultants, or other service providers or their agents who have a business interest with the fund."

The motion passed by the following vote:

Ayes: Breall, Casciato, Driscoll, Meiberger, Sandoval, Wright

Noes: Ellington

Action: On motion of Commissioner Meiberger, seconded by Commissioner Casciato, the Board approved Section 11 of the Code of Conduct Policy, to read as follows:

"Nothing in this chapter shall unduly restrict a Board member's ability to communicate freely with individual or groups of plan members or beneficiaries or other interested groups about issues related to the Retirement System."

The motion passed by the following vote:

11:50 am - Commissioner Sandoval left the meeting.

11. Executive Director's Report

The Executive Director explained that with regard to SFUSD Payroll we are current with only one outstanding payroll in January, which has been returned for completion. However, there has been marked improvement in the processing of the school district payrolls.

The Executive Director updated the Board on the implementation of the Memoranda of Understanding (MOUs), explaining that 41 labor organizations have reached agreement. The major change is that these labor organizations have agreed that members will re-assume making the full contributions to the pension plan that is required of the employee. There are two exceptions to this provision, the nurses and supervising nurses, who have agreed to a lesser increase in wages instead of making the pretax reduction.

The Executive Director updated the Board on the 3 Charter amendments that have pension implications:

- Supervisor Ammiano has proposed a Charter provision authorizing the Board of Supervisors to contract with CALPERS with respect to safety miscellaneous groups and to remove the no cost provision.
- Supervisor Gonzales has proposed a new pension plan for court related safety employees (District Attorneys, Public Defenders, and Public Defender Investigators). The Charter amendment is still in the process of being drafted.
- The Mayor has an early retirement program to be put into effect after the November 2003 election but is designed for those individuals who are laid off due to budget process from March 1, 2003 to June 30, 2005. The amendment has an extension clause to 2007 and provides 3 years of added age and 3 years of added service to the base for calculation of benefits. It also provides that in the event a member was rehired the member would lose the incentive.

The Executive Director gave an update on the budget for fiscal year for 2003-2004. The Budget Committee of the Board of Supervisors eliminated the Board Secretary position and also cut materials and supplies, equipment and all overtime for the Investment Division.

INVESTMENT CALENDAR

12. Semi Annual Performance Review of Alternatives Investments for the period ending 12/31/02.

David Kushner, Deputy Director for Investments, and Barbara Lynch of Cambridge Associates, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Performance of the Alternatives Investments for the period ending 12/31/2002.

This was an informational item only, no action taken.

13. **Report on the Performance of the Retirement Fund for the Quarter Ending 03/31/2003.**
David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Performance of the Retirement Fund for the Quarter Ending 03/31/2003.

This was an informational item only, no action taken.

12:10 pm - Commissioner Wright left the meeting.

14. **Report of Brokerage Commissions Generated by the Retirement Fund during the Quarter ended 03/31/2003.**
David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Report of Brokerage Commissions Generated by the Retirement Fund during the Quarter ended 03/31/2003.

This was an informational item only, no action taken.

15. **Recommendation and Approval of Semi-finalists for Large Cap Value Investment Manager.**
David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on this item.

Action: It was moved by Commissioner Breall, seconded by Commissioner Casciato, to approve the Semi-finalists for Large Cap Value Investment Manager.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

16. **Revision to Investment Guidelines – Credit Suisse Asset Management**
David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on this item.

Action: It was moved by Commissioner Breall, seconded by Commissioner Meiberger, to approve the revision to the Investment Guidelines for Credit Suisse Asset Management.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

17. **Deputy Director for Investment's Report**
Proxy Votes – The Board, by ballot vote, voted against a shareholder proposal on the Carnival Corporation Proxy to reincorporate from Panama to the U.S.

Deputy Director for Investments (DDI), David Kushner, reported to the Board: that as of May 30, the fund was valued at approximately \$10.3 billion dollars. The DDI informed the Board of movements within sub-asset classes and reported that the Fund Asset Allocation is well within the bounds set by the Board.

18. Board Member's Report

Commissioner Meiberger explained that he attended the CALAPRS Roundtable on June 6 and that President E. David Ellington chaired it. The focus of the meeting was on committees and agendas.

Commissioner Casciato explained that he has received several phone calls from miscellaneous employees who are questioning retirement issues because of the proposed 3 + 3 Charter amendment.

President Ellington noted that he has received several letters of support for ING.

CLOSED SESSION

- 19.** Pursuant to the Ralph M. Brown Act, Government Code Section 54956.9 and the Sunshine Act, San Francisco Administrative Code Section 67.10, the Retirement Board will meet in closed session.

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
as Possible Defendant and/or Plaintiff
Government Code §54956.9(b)(1); S.F. Administrative Code §67.11
(Two Cases)**

VOTE ON WHETHER TO HOLD A CLOSED SESSION TO CONFER WITH LEGAL COUNSEL

It was moved by Commissioner Casciato, seconded by Commissioner Meiberger to confer with Legal Counsel; motion passed by the following vote

Ayes: Casciato, Driscoll, Ellington, Meiberger

Absent: Breall, Sandoval, Wright

Present: President Ellington
Vice-President Driscoll
Commissioner Casciato
Commissioner Meiberger
Dan Maguire, Deputy City Attorney
Clare Murphy, Executive Director
Jay Huish, Deputy Director
Shauna Rose, Executive Assistant

STARTED 1:40 PM

ENDED 1:44 PM

CLOSED SESSION

The Retirement Board reconvened in open session at 1:44 p.m.

Action: It was moved by Commissioner Casciato, seconded by Meiberger, not to disclose the discussion held in closed session; motion was passed by the following vote:

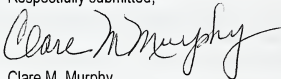
Ayes: Casciato, Driscoll, Ellington, Meiberger

Absent: Breall, Sandoval, Wright

20. Adjournment

There being no further business, the Board adjourned its meeting ended at 1:45 pm

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Clare M. Murphy". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth all actions taken by the Retirement Board on the matters stated but not necessarily in the chronological sequence in which the matters were considered.



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MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

July 8, 2003

8:30 AM

Present: E. David Ellington	President
Joseph Driscoll	Vice-President
William Breall	Commissioner
Al Casciato	Commissioner
Herb Meiberger	Commissioner
Gerardo Sandoval	Commissioner
Brenda Wright	Commissioner

Clare M. Murphy

Executive Director
Retirement System

RETIREMENT BOARD REGULAR MEETING

JULY 8, 2003 MINUTES

PUBLIC COMMENT

Members of the public shall have an opportunity to directly address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board now or at the time an item on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

President Ellington reviewed the Public Comment procedures for the attendees.

No Public Comment was offered.

1. Minutes of the June 10, 2003 Board Meeting

Action: It was moved by Commissioner Casciato, seconded by Commissioner Breall, to approve the minutes of the June 10, 2003 board meeting as presented.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

8:32 am Commissioner Brenda Wright arrived at the meeting

2. Review and Approval of Revisions to the Disability Procedures of the Retirement Board Rules. (First Reading)

Clare Murphy, Executive Director, presented a written and oral report on this item.

The Board reviewed the proposed revisions to the disability procedures and engaged in a question and answer session.

Mike Hebel, representing the Police Officers Association explained that he concurred with the proposed changes to the Retirement Rules. However, he described an issue where a very small number of applications are not heard before a Hearing Officer. Rather, in these isolated instances, staff makes a determination that the application is not appropriate to go to a Hearing Officer. He felt that there needed to be a written communication, an acknowledgement, if staff made such a determination, that the disability application will not be calendared before a Hearing Officer.

Gilbert Montoya, previously worked at MUNI and explained that it took him three years to complete the disability application process and three months before he was to retire, MUNI said they would return him to employment. He immediately applied for reinstatement and one year later MUNI decided they did not want him to return. He cannot resolve this issue and it cannot be adjudicated.

A discussion ensued regarding the disability process, how a subsequent application is processed, and the hearing officer process.

President Ellington asked staff to meet with Mr. Hebel to discuss this specific issue and to report to the Board at the August 12, 2003 Board meeting.

The proposed changes will be calendared for second reading at the August 12, 2003 meeting. This was an informational item only, no action taken.

3. Semi-annual Review of the Disability Retirement Hearing Process

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the disability retirement hearing process and engaged in a question and answer session.

This was an informational item only, no action taken.

9:00 am Commissioner Gerardo Sandoval arrived at the meeting

4. Old and Ongoing Business List

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the Old and Ongoing Business List and engaged in a question and answer session on items on the list. Board members agreed to remove three items from the List and refer them to the Committees of the Board.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Meiberger, to approve the Old and Ongoing Business List and to remove the following three items from the List and refer them to committees of the board:

- Portfolio cash flow issues relating to active currency management referred to Public Investment Committee
- Analysis of Natural Resource Investments referred to Alternative Investments Committee
- Educational Evaluation - Hedge Fund Investing referred to Alternative Investments Committee

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

5. Review of Benefit Interpretation Policy Activities for the 2nd Quarter of 2003

Jay Huish, Deputy Director, presented a written and oral report on this item.

The Board reviewed and discussed the Benefit Interpretation Policy activities for the 2nd quarter of 2003 and engaged in a question and answer session.

This was an informational item only, no action taken.

6. Request to Include San Francisco Airport Parking Discount Coupons in the August, 2003 Retirement Allowances

Action: It was moved by Commissioner Breall, seconded by Commissioner Casciato, to approve the request of the San Francisco International Airport to include San Francisco Airport Parking Discount Coupons with the August, 2003 Retirement Allowances warrants or advice notices.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

7. Recommendation to Petition for Rehearing

Action: It was moved by Commissioner Breall, seconded by Commissioner Meiberger, to approve the recommendation to petition for rehearing for:

- a. Charles Anzore, Police Officer, Industrial Disability Retirement
- b. Gerald J. McCarthy, Police Officer, Industrial Disability Retirement

Approved by the following vote:

Ayes: Breall, Driscoll, Ellington, Meiberger, Wright

Noes: Sandoval, Casciato

8. CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

Action: It was moved by Commissioner Breall, seconded by Commissioner Casciato, to approve the Consent Calendar.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

8a. Voluntary Retirement Board List No. 1- 03

8b. Decision of Hearing Officers

Ray Antonio Effective Date: 01/21/03	9163 Transit Operator/ Muni	Ordinary Disability Retirement Granted
Diaz, Henry Effective Date: 10/01/02	5173 Asst. Superintendent, Street Environmental Services	Ordinary Disability Retirement, Stip Granted
Gallagher, Margo Dennis Gallagher (Deceased) Effective Date: 05/02/01	Firefighter/Paramedic Fire Dept.	Death as a Result of Duty Granted
Johnson, Michelle Effective Date: 3/01/03	3204 Swimming Pool Cashier- Clerk	Ordinary Disability Retirement Granted
Jones, Reginald Effective Date: 5/31/01	9163 Transit Operator / Muni	Ordinary Disability Retirement, Stip Granted
Lewis, Michael R. Effective Date: 4/23/01	H-2 Firefighter/Fire Dept.	Industrial Disability Retirement, Stip Granted
O'Rear, Claudiatte Effective Date: 1/28/03	1426 Senior Clerk Typist / Fire Dept.	Ordinary Disability Retirement, Stip Granted
Ramirez, Lorena M.	2708 Custodian / SFUSD	Ordinary Disability Retirement

Ruiz, Marvin A.

6334 Chief Bldg. Inspector /

Ordinary Disability Retirement, Vesting

Effective Date: 4/22/03

Building Inspection

Granted

8c. Dismissal of Industrial Disability Retirement Application

Huggins, Jonathan W.

H3 Firefighter/Paramedic

8d. Petition for Rehearing

Davies, Andrea R.

H-2 Firefighter/ Fire Dept.

Industrial Disability Retirement

Effective Date: 12/26/02

Denied

8e. Consideration of the Terms of Reference for the Six (6) Committees of the Retirement Board. (Second Reading)**8f. Consideration of Amendment to the Retirement Rules as it Relates to the Election of President and Vice President. (Second Reading)****8g. Approval of Request for Travel for Herb Meiberger, Commissioner, to Travel to Modesto, CA on August 20-21, 2003 for the Hancock Agricultural Investment Group which is conducting a California Farm Tour****8h. Approval of Request for Travel for E. David Ellington, Commissioner and a Staff Member to Travel to San Diego, CA on September 3-5, 2003, for the Council of Institutional Investors Semi-Annual Meeting****8i. Approval of Request for Travel for E. David Ellington, Commissioner to Travel to Chicago, Illinois on July 21-22, 2003, for the World Research Group's Pension Consultants' Forum****9. Review and Approval of Retirement Board Committee Assignments**

President Ellington reviewed committee assignments. The Board engaged in a discussion on the committee rosters. Board members agreed to the Chair list. Assignment of members to committees list was discussed and is to be brought back to the August 12, 2003 Board meeting.

Committee	Chair
Alternative Investments	Joe Driscoll
Benefit Interpretation Review	Gerardo Sandoval
Deferred Compensation Plan Investment Review	Herb Meiberger
Finance	William Breall
Governance	E. David Ellington
Personnel	Al Casciato
Public Investment	Brenda Wright

10. Executive Director's Report

The Executive Director explained that with regard to SFUSD Payroll there continues to be some delays but the primary payrolls have been received in sufficient time to process the annual statement for the close of the fiscal year.

The Executive Director reported that the City has concluded negotiations with all labor organizations with the exception of the safety ranks in Police and Fire. The police and fire rank and file are in the process of voting and the senior management ranks of police and fire are in the early stages of negotiations. The H1 Firefighters Paramedics negotiations are ongoing. With those exceptions, there has been a positive determination by labor negotiations that the employee will pay up to 7.5% contribution towards their pension. This effort is proceeding and staff is giving directions to payroll departments on the appropriate withholdings to be taken from employees' paychecks.

The Executive Director noted that the consultant, Cortex Applied Research, has provided a summary of the travel policy to each Board member. President Ellington commented that he would make some suggestions to this policy and other policies.

The Executive Director outlined three proposed Charter Amendments which will affect the pension plan provisions.

The first will remove cost limitations on the Board of Supervisors' authority to contract with CALPERS with respect to groups of safety related appointments.

The Executive Director responded to questions posed by Commissioner Sandoval relating to the cost of the Charter amendment.

The second is a proposal by the Mayor to give a targeted early retirement program that could be in effect for four (4) years. This amendment is limited to retirement of individuals who are the most senior employees within job classifications from which an employee has been laid off with no further chance of employment with the city.

The third is a proposal to create a new pension plan applicable to District Attorneys, Public Defenders and Public Defenders Investigators. This legislation will most likely undergo further amendments before it is ready for the ballot.

The Executive Director further explained that Proposition H, passed by the electorate in November 2002, had a second component relating to the Paramedics. One hundred and forty-two (142) individuals were required to make an election to convert their non-safety time to safety credit. Sixteen (16) of the 142 did not make this election. She explained that each Paramedic was individually noticed and sent directives to review their personal situation. Notices were sent to their homes in May and staff contacted the Department of those who had not made an election in an effort to inform them of the waiver election. Each paramedic was notified individually twice.

The Executive Director gave an update on Actuary position recruitment and explained that the Department of Human Resources completed the job announcement yesterday. She proposed that the job filing period be for at least one month and proposed the posting date be from July 18 to August 22, 2003.

INVESTMENT CALENDAR

11. Approval of the Request for Proposal (RFP) for Small Cap International Equity Manager.

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on this item.

The Board reviewed and discussed the Request for Proposal (RFP) for Small Cap International Equity Manager.

Commissioner Sandoval asked staff to review the criteria used by CALPERS for their emerging markets strategy. He did not want to close the door on a firm that might have expertise in developing markets. He suggested that questions in the RFP amplify this issue and focus on how the manager will invest in emerging markets.

Commissioner Driscoll noted that secondary questions could be asked during the RFP process. He offered suggestions on questions relating to currency hedging. He further suggested that the criteria and weighting that is done for the pre-screening be modified when evaluating the finalists.

Commissioner Wright suggested that the form used by the Equal Employment Opportunity Commission (EEOC) work place composition might be used for the question relating to minority composition of the firm.

President Ellington suggested that perhaps the Public Investment Committee might participate and interview the respondents.

Action: It was moved by Commissioner Meiberger, seconded by Commissioner Wright to approve the Request for Proposal as amended for the Small Cap International Equity Manager.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

12. Approval of Changes to Investment Guidelines for:

➤ **Fischer Francis Trees & Watts, Inc. Global Core Plus Fixed Income – Hedged**

➤ **Oaktree Capital Management, LLC High Yield Fixed Income**

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on the item relating to Fischer Francis Trees & Watts, Inc. Global Core Plus Fixed Income.

Action: On motion of Commissioner Meiberger, seconded by Commissioner Breall, the Board approved the changes in investment guidelines for Fischer Francis Tree & Watts, Inc. Global Core Plus Fixed Income Hedging.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

* * * * *

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on the item relating to Oaktree Capital Management, LLC High Yield Fixed Income.

Executive Director Clare Murphy responded to questions posed by Commissioner Sandoval regarding the labor issues faced by Oaktree in a property in Hawaii and the policy issues SFERS has with equity investments.

Commissioner Sandoval asked staff to prepare a report for the September 8, 2003 meeting on Oaktree's Hawaiian property investment and the issues involved with this property.

Action: On motion of Commissioner Meiberger, seconded by Commissioner Breall, the Board approved the changes of investment guidelines for Oaktree Capital Management LLC High Yield Fixed Income.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Noes: Sandoval

13. Deputy Director for Investment's Report

13a. Proxy Votes

There were no Proxy votes.

13b. Investment Updates

David Kushner, Deputy Director for Investments, The DDI reported that as of June 30, the fund was valued at approximately \$10.5 billion dollars. The DDI informed the Board of movements within sub-asset classes and reported the Fund Asset Allocation is well within the bounds set by the Board.

The DDI provided the Board with a Wall Street Journal article indicating conflicts of interest with Institutional Shareholder Services selling Corporate Governance consulting services to corporations, and then rating the corporations for corporate governance practices. In addition, the DDI provided the Board with a letter from ISS discussing this article and steps taken to ensure conflicts are minimized or non-existent.

The DDI provided the Board with a press release from LSV Asset Management announcing Andrei Schleifer, one of the founders of the firm, has withdrawn from the partnership. Finally, the DDI informed the Board that, based on approved proxy voting guidelines, the Retirement System voted for a dissident slate of directors at El Paso Corporation.

Meeting recessed from 11:00 am to 11:15 am

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

14. Approval of the Draft Request for Proposal for the San Francisco Deferred Compensation (457) Plan Administrator for the San Francisco City Employee's Retirement System.

The Board received a presentation from Carol Cypert, Deferred Compensation Manager, and Wendy Young of Mercer. Board members engaged in a question and answer session with the representative from Mercer and Ms. Cypert.

In response to Commissioner Sandoval's question, Ms. Cypert described the fixed income products offered by the current 457 Plan administrator. Commissioner Sandoval queried staff on the fixed income investments and about stable value funds. He wanted the finalists to address these issues.

Commissioner Casciato felt it important that there be full disclosure of the fees charged to the members. Ms. Cypert explained that the RFP has a question specifically targeted to this reporting

issue. Board members discussed the issue of fees and felt it should be clearly stated and that they are part of the contract as well.

Action: On motion of Commissioner Casciato, seconded by Commissioner Meiberger, the Board approved the draft Request for Proposal (RFP) for the San Francisco Deferred Compensation (457) Plan Administrator for the San Francisco City Employee's Retirement System.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

15. Request for Unforeseeable Emergency Withdrawals

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

Carol Cybert, Deferred Compensation Manager, requested that Mr. Kenneth Hoover be removed from the list of request for unforeseeable emergency withdrawals. The Board agreed to this request.

Action: On motion of Commissioner Breall, seconded by Commissioner Casciato, the Board approved the Request for Unforeseeable Emergency Withdrawals for the following individuals:

- | | | |
|-----------------|-------------------|-------------------|
| ➤ Gail Benjamin | ➤ Michael Maloney | |
| ➤ Maureen Okobi | ➤ Pamela Reed | ➤ Jeffrey Theuret |

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

16. Deferred Compensation Manager Report

Ms. Cybert provided the following information to the Board:

- a) A monthly ING activity report for committee review.
- b) Information to the Board regarding the current investment fees within the Deferred Compensation Plan with and without the Hartford recovery charge
- c) Information about ING's current industry rating to the committee for review.
Discussion included ING's standing in the industry in comparison to its peers.

Ms. Cybert requested a special board meeting on Tuesday, September 30, 2003, to hear finalist presentations for the Administration of the Deferred Compensation Plan.

Robert Kniceley, representing Nationwide Retirement Solutions, asked procedural questions regarding the Request for Proposal process for the 457 Deferred Compensation Plan and wanted to know how much time would be allotted to each firm making a presentation.

Mike Hebel, representing the Police Officers Association (POA) explained that the POA has always been concerned about Deferred Compensation Plan provider. He wanted assurance the members of the public, the participants, will be allowed to voice their opinion during the committee review process as well as the board meeting.

A discussion ensued among the Board members as to whether or not a special meeting of the Retirement Board should take place to hear the finalist presentations for the administrative alliance for Deferred Compensation (457) Plan. It was decided that the Deferred Compensation Plan Review Committee of the Board should consider this matter. It was additionally agreed that this Committee meeting should be noticed both as a committee meeting and as a Special meeting of the Board to afford the opportunity for all members of the Board to attend should they so desire.

17. Annual Presentation from the City Attorney on Legal Issues Facing the Plan Sponsors.

Deputy City Attorney, Dan Maguire, presented a written and oral report to the Board on this item.

President Ellington suggested that the Deputy City Attorney should make an annual presentation to the Board informing members of the pertinent issues facing the public pension programs.

Mr. Maguire highlighted the key issues from the conference he recently attended. He recommended that the Board develop a policy on how it wants to address the issue of Securities litigation. The Board suggested that the Governance Committee should consider this matter.

18. Board Member's Report

President Ellington discussed the possibility of canceling the August meeting. After discussion, it was agreed that both the August and September meetings were warranted and that Commissioner Sandoval and Commissioner Wright will be unable to attend the August 12, 2003 meeting.

12:05 pm Commissioner Gerardo Sandoval left the meeting

President Ellington wanted the chair of each of the committees of the Retirement Board to develop a chart of work, timeline for tasks and prioritizing of issues. Commissioner Driscoll began his outline and President Ellington directed Shauna Rose to distribute it to all Board members.

Commissioner Meiberger explained that there is a proposed Charter Amendment from the Ethics Commission, which precludes a city employee from serving on the commission for which the employee works. He understood that President Ellington spoke at the Board of Supervisors' Rules Committee meeting and presented written communication on this matter. Commissioner Meiberger did not attend the meeting but commented that President Ellington was not authorized as president to speak on behalf of the board on this issue. President Ellington noted that he spoke as an individual and did not write on letterhead.

Commissioner Driscoll explained that Jean Thomas of the San Francisco City Employees' Retirees Association invited him to write an article in their retirees' newsletter. Commissioner Driscoll distributed copies of the newsletter, which featured his article.

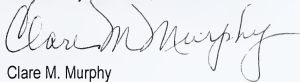
Commissioner Breall noted that he recalled President Ellington referencing a proposed newsletter from the Retirement Board. Executive Director Clare Murphy explained that staff will update the Board on the Department's Business Plan at the September meeting and that the proposed newsletter is not in this year's budget plan and that the earliest it could be contemplated would be in Fiscal year 2004-05.

Commissioner Casciato referenced a problem with retirement date of June 30th and July 1st arising out of pending MOU's. It caused controversy among members and SFERS staff worked diligently to counsel and advise members. He commended staff for their efforts to counsel members. *(Note for the Record: Commissioner Casciato made this comment at the end of the Executive Director's report.)*

19. **Adjournment**

There being no further business, the Board adjourned its meeting at 12:15 pm.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Clare M. Murphy".

Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth are all actions taken by the Retirement Board on the matters stated but not necessarily in the chronological sequence in which the matters were considered.



MINUTES
RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Avenue, Suite 3000
San Francisco, CA 94102

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

Tuesday, August 12, 2003
8:30 AM

Roll Call:

Retirement Board

Present: E. David Ellington, President
Joseph Driscoll, Vice-President
William Breall, Commissioner
Al Casciato, Commissioner
Herb Meiberger, Commissioner

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Absent: Gerardo Sandoval, Commissioner
Brenda Wright, Commissioner

Retirement System:

Present: Clare M. Murphy, Executive Director of the Retirement System

PUBLIC COMMENT

Members of the public shall have an opportunity to address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board at the beginning of the meeting or when the subject of their interest on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

President Ellington reviewed the Public Comment procedures for the attendees.

No Public Comment was offered.

1. Minutes of the July 8, 2003 Board Meeting

Action: It was moved by Commissioner Driscoll, seconded by Commissioner Meiberger to approve the minutes of the July 8, 2003 Board meeting as amended.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

2. **Approval to change the Tuesday, November 11, 2003 meeting date to Wednesday, November 12, 2003, due to the Veterans' Day holiday.**

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

Action: It was moved by Commissioner Meiberger, seconded by Commissioner Casciato, to change the Tuesday, November 11, 2003 meeting date to Wednesday, November 12, 2003, due to the Veterans' Day holiday.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

3. **Approval of the Appointments to the Retirement Board Committees**

President Ellington presented a written and oral report on this item.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Meiberger, to approve the appointments to the Retirement Board Committees as follows:

Committee	Chair	Members
➤ Alternative Investments	Joe Driscoll	E. David Ellington, Brenda Wright
➤ Benefit Interpretation Review	Gerardo Sandoval	William Breall, Al Casciato, E. David Ellington, Joe Driscoll, Herb Meiberger, Brenda Wright
➤ Deferred Compensation Plan Investment Review	Herb Meiberger	William Breall, Al Casciato
➤ Finance	William Breall	Joe Driscoll, Herb Meiberger
➤ Governance	E. David Ellington	Al Casciato, Brenda Wright
➤ Personnel	Al Casciato	William Breall, Joe Driscoll
➤ Public Investment	Brenda Wright	E. David Ellington, Herb Meiberger

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

4. **Review of the Retirement Board Committees' Schedule**

Clare Murphy, Executive Director, presented a written and oral report on this item.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Meiberger, that no more than two (2) committee meetings be scheduled each month. The committee meetings should be held the third Tuesday of each month, commencing at 8:30 am with the understanding that there may be exceptions made from time to time due to unforeseeable issues that may arise.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

5. **Discussion of the Retirement Board's Code of Conduct Policy**

President Ellington presented an oral report on this item although each member had available a copy of the Board's Code of Conduct Policy. The Board engaged in a discussion on Item 10 (c) relating to

**Retirement Board Minutes
Meeting of August 12, 2003**

Communication to External Parties and how a Board member should inform the Executive Director and the President.

It was agreed that Dan Maguire, Deputy City Attorney, and Clare Murphy, Executive Director, should draft language to be calendared for the September Board meeting outlining procedures that:

- ◆ the Board member should inform the Executive Director within two (2) business days when communicating with an external party;
- ◆ communication can be done by a telephone call or email;
- ◆ the Executive Director will inform the President of the communication
- ◆ The Board further directed that language be prepared which would restrict Board members from communication with external parties once a search process has begun.

6. Review and Approval of Revisions to the Disability Procedures of the Retirement Board Rules. (Second Reading)

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the revisions to the disability procedures and engaged in a question and answer session.

Action: It was moved by Commissioner Breall seconded by Commissioner Casciato, to approve the revisions to the Disability Procedures of the Retirement Board Rules.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

7. Retirement Related Charter Amendments Proposed for the November 2003 Ballot, Consideration of Official Position

Clare Murphy, Executive Director, presented a written and oral report on this item.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Meiberger, to table this item until such time as the Retirement Board is asked to take a position on Proposition B (Retirement Benefits for Miscellaneous Safety Employees) and Proposition F (Early Retirement Benefits)

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

8. Old and Ongoing Business List

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the Old and Ongoing Business List.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Breall, to approve the Old and Ongoing Business List as presented.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

9. Retirement System Travel Expense Report for the Period Ending June 30, 2003

Sauna Rose, Executive Assistant, presented a written and oral report on this item.

The Board reviewed Travel Expense Report for the Period Ending June 30, 2003.

This was an informational item only, no action taken.

10. CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event that matter shall be removed from the Consent Calendar and considered as a separate item.

Action: It was moved by Commissioner Breall, seconded by Commissioner Casciato, to approve the Consent Calendar.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

10a. Voluntary Retirement Board List No. 2-03

10b. Decision of Hearing Officers

David L. Beatty Effective Date: 12/29/01	8204 Institutional Police – DPH	PERS Granted
Robert J. Domingue Effective Date: 4/15/03	9163 Transit Operator – Muni	Ordinary Disability Retirement Granted
Allen K. Duvauchelle Effective Date: 03/01/03	7372 Stationary Engineer Airport	Ordinary Disability Retirement / Stip Granted
Gail L. Hamilton Effective Date: 05/03/03	2586 Health Worker II – DPH	Ordinary Disability Retirement Granted
Richard W. May Effective Date: 02/11/03	H-2 Firefighter Fire Department	Industrial Disability Retirement / Stip Granted
Michael F. McLaughlin Effective Date: 03/01/01	H-2 Firefighter Fire Department	Industrial Disability Retirement / Stip Granted
Deborah J. Owen Effective Date: 03/30/02	2232 Sr. Physician Specialist Fire Department	Ordinary Disability Retirement Granted
Jose M. Padilla Effective Date: 02/01/03	1365 Special Assistant VI Mayor's Office	Ordinary Disability Retirement Granted
Scott Roberts	H-1 Paramedic	Industrial Disability Retirement

**Retirement Board Minutes
Meeting of August 12, 2003**

Effective Date: 02/19/03	Fire Department	Granted
Salvador Villalobos	9163 Transit Operator – Muni	Ordinary Disability Retirement
Effective Date: 04/01/02		Granted

10c. Petition for Reinstatement

Timothy O. Boden	9139 Dispatcher Supervisor Municipal Railway	Reinstatement Granted
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10d. Dismissal of Retirement Application

Robert P. Anderson	Fire Department	Industrial Disability Retirement
Donald Ross	Police Department	Industrial Disability Retirement
Michael J. Sullivan	Police Department	Industrial Disability Retirement

10e. Approval of Request for Travel for Mark Coleman, Security Analyst, to attend the Zephyr Associates Style Advisors Annual Fall Conference to be held on September 8-9, 2003 in Lake Tahoe, CA.

10f. Approval of Request for Travel for David Kushner, Deputy Director for Investments, to attend the Pensions West Fall Retreat and Conduct Due Diligence Meetings with Managers on September 10-12, 2003 in San Diego, CA.

10g. Approval of Request for Travel for Commissioners Ellington and Meiberger to attend the CALAPRS Trustees' Roundtable to be held in San Jose, CA on September 12, 2003.

10h. Approval of Request for Travel for Clare M. Murphy, Executive Director, to travel to Oxnard, CA on September 24-26, 2003 for the CALAPRS Administrator's Institute.

10i. Approval of Request for Travel for Wen Ling Chin, Security Analyst, to attend the Institutional Limited Partners Association (ILPA) Meeting to be held on October 1-3, 2003 in Santa Monica, CA.

10j. Approval of Request for Travel for E. David Ellington, Commissioner, to attend the Alternative Investor Limited Partner Summit Conference on October 14-15, 2003 in Zurich, Switzerland and to Meet with Managers in London and Zurich after the conference.

11. Executive Director's Report

The Executive Director explained that with regard to SFUSD Payroll all SFUSD members as well as all other participants will receive their annual statements as of June 30, 2003 during August.

Ms. Murphy explained that the proposed Charter amendment to create a new pension plan applicable to District Attorneys, Public Defenders and Public Defenders Investigators has been referred to the Rules Committee of the Board of Supervisors for possible consideration at a future election.

Ms. Murphy provided a list of educational opportunities for Board members. If any Board member is interested in attending any of these events, they should contact her office.

Ms. Murphy provided the Retirement Board with a Forward Calendar that outlines the items and issues staff expects to calendar in the future.

Ms. Murphy said with regard to the implementation of the Memoranda of Understanding (MOUs) there are major impacts on the Pension Plan from the perspective of payment of the mandatory contributions by SF City and County participants. Until 6/30/03, the Employer paid some or all SFERS members' contributions to their pension accounts. Starting on 7/1/03, the participant contributes 7 or 7 1/2% of their pay into the Pension trust, which has been a major accounting and payroll operation for the City and SFERS. Negotiations are not completed for the Safety employees; however, letters have been secured from these labor organizations authorizing SFERS to begin direct withholding of deductions in advance of finalization of these MOUs. Negotiations are in progress between SFUSD, SFCCD and the labor organizations representing employees of each.

Ms. Murphy explained that negotiations of contracts for the senior executive ranks of Police and Fire Department are still not completed. Those negotiations remain ongoing, which impacts the Cost of Living Adjustment (COLA) payments to retirees of the Chiefs ranks. Rank and file retirees will receive their COLA adjustments in their October 31, 2003 checks.

Ms. Murphy explained that the appeal of the Mason lawsuit was heard at California Court of Appeals on July 23, 2003 and the court now has the case. The decision may be held until such time as the State Supreme Court considers the appeal of a related case.

Ms. Murphy explained that the Actuary position for the Department has been noticed and is on the SFERS web site. Notice for this position was sent to other pension plans, actuarial firms and other agencies. To date, two applications have been received. The filing deadline is the end of August but it may be extended depending on the number of applications received.

INVESTMENT CALENDAR

12. Approval of Recommendation to Appoint Large Cap Value Equity Manager

David Kushner, Deputy Director for Investments, Leslie Kautz and Anna Georges of Angeles Investment Advisors, presented a written and oral report to the Board on the item relating to the recommendation to Appoint Large Cap Value Equity Manager and recommended the firm of Armstrong Shaw.

The Board reviewed and discussed the proposed recommendation and asked questions of staff and Angeles Investment Advisors.

Action: On motion of Commissioner Meiberger, seconded by Commissioner Breall, the Board approved the firm Armstrong Shaw as the Large Cap Value Equity Manager.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

13. Review and Approval of Sub-Asset Class Allocation for Equities and Fixed Income

David Kushner, Deputy Director for Investments, Leslie Kautz and Anna Georges of Angeles Investment Advisors, presented a written and oral report to the Board on the item relating to the Sub-Asset Class Allocation for Equities and Fixed Income.

The Board reviewed and discussed the proposed recommendation and asked questions of staff and Angeles Investment Advisors.

Action: On motion of Commissioner Driscoll, seconded by commissioner Casciato, the Board approved the Sub-Asset Class Allocation for Equities and Fixed Income.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

14. Recommendation to Approve Amendments to Investment Guidelines

a. Hyperion-GMAC Below Investment Grade Commercial Mortgage Backed Securities (BIG CMBS)

b. Fidelity Below Investment Grade Commercial Mortgage Backed Securities

David Kushner, Deputy Director for Investments, Leslie Kautz and Anna Georges of Angeles Investment Advisors, presented a written and oral report to the Board on proposed amendments to the Investment Guidelines for Hyperion and Fidelity.

The Board reviewed and discussed the proposed recommendations and asked questions of staff and Angeles Investment Advisors.

Action: On motion of Commissioner Meiberger, seconded by commissioner Driscoll, the Board approved the amendments to Investment Guidelines for Hyperion-GMAC Below Investment Grade Commercial Mortgage Backed Securities (BIG CMBS) and Fidelity Below Investment Grade Commercial Mortgage Backed Securities.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

15. Deputy Director for Investment's Report

15a. Proxy Votes

No proxy votes

15b. Investment Updates

The Deputy Director for Investments (DDI) reported that as of July 31, the fund was valued at approximately \$10.5 billion dollars. The DDI informed the Board of movements within sub-asset classes and reported the Fund Asset Allocation is well within the bounds set by the Board.

The DDI provided the Board with a memorandum from Angeles Investment Advisors responding to questions asked at the 7/8/03 meeting regarding Emerging Markets as it relates to the International Small Cap Search currently under way. This Memorandum also incorporated a revised Appendix A to the RFP incorporating questions asked by the Board.

The DDI reported to the Board that Credit Suisse Asset Management, already "Under Review", has lost several key personnel recently. The Investment Staff continues to closely monitor this manager.

10:00 am to 10:10 am the Retirement Board recessed

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

16. Request for Unforeseeable Emergency Withdrawals

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

- | | | |
|----------------------|----------------------------|--------------------|
| ➤ Rachelle D. Burton | ➤ Kimberly Curry | ➤ Rose Coleman |
| ➤ Christine E. Egli | ➤ Jo-Theresa Elias-Jackson | ➤ Lovenia Franklin |
| ➤ Patricia A. Green | ➤ Junise Hill | ➤ Lorene Jones |
| ➤ Deidra D. Mitchell | ➤ Kimberly Montgomery | ➤ Martha Ortega |
| ➤ Clyde L. Woods | ➤ Courtland L. Young | |

Action: On motion of Commissioner Breall seconded by Commissioner Casciato, the Board approved the request for Unforeseeable Emergency Withdrawals for the above members.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

17. Adoption of the Deferred Compensation Plan Investment Policy

Carol Cypert, Deferred Compensation Manager presented a written and oral report on the Deferred Compensation Plan Investment Policy. She made one modification to the policy regarding minimum criteria for selection.

The Board engaged in a question and answer session. It was agreed to add the mid cap core fund and small cap core fund to the Investment Fund benchmark.

Action: On motion of Commissioner Casciato, seconded by Commissioner Meiberger, the Board approved the Deferred Compensation Plan Investment Policy.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

Note for the Record: This Policy will be calendared in September for Second Reading.

18. Deferred Compensation Manager Report

Carol Cypert, Deferred Compensation Manager informed the Board that there are eleven (11) responses to the Request for Proposal (RFP) for Administrator of the Deferred Compensation Plan (DCP). There was discussion about the "blackout" policy referenced previously under the Code of Conduct Policy. It was agreed that all interested parties who expressed an interest in this RFP would be notified of the change in conditions. Dan Maguire, Deputy City Attorney, will prepare the blackout language for distribution to the interested parties.

There was discussion about the increase in volume of Unforeseeable Emergency Withdrawals requests due to the mandatory contribution to the pension plan of 7.5%. and its impact on DCP participants financial situations.

Ms. Cypert provided a monthly ING activity report for the Board's review.

19. Board Member's Report

Commissioner Casciato explained that he attended the Stars and Strips conference and found it to be very informative. He sat on a panel with Leslie Kautz of Angeles Investment Advisors and Barbara Lynch of Cambridge Associates and gleaned a lot of information.

Commissioner Casciato spoke about the issue of members who are now serving in the military and how they will be informed that they will continue to receive their benefits, including health coverage, cost of living adjustments and pay raises.

Commissioner Casciato explained that a number of our retirees have been experiencing problems with the Health Service System. He read a letter from one of the members recounting the problems and noted that the inefficiency has an impact on the SFERS workforce and negative reflects on the Retirement System.

Clare Murphy, Executive Director, noted that the Health Service System will be expanding their customer service hours to five days week effective August 18, 2003, which should alleviate some of the problems members have been experiencing in trying to reach that Department.

Jean Thomas, representing the Retired Employees of the CCSF, explained that their organization is working with Supervisor Aaron Peskin on a Charter amendment relating to the organizational aspects of the City's Health Service System.

Commissioner Meiberger asked that the Deferred Compensation Plan Review Committee meeting of September 30, 2003 be noticed as a Special Meeting of the Retirement Board so that Board members could attend should they so desire.

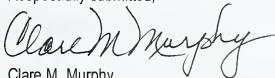
Commissioner Meiberger informed the Board that he has been elected to the board of the Pacific Pension Institute.

20. Adjournment

The Board adjourned the meeting in memory of Theodora Wong who passed away recently. Theodora was the mother of Ted Wong of the San Francisco City Employees' Retirement System.

There being no further business, the Board adjourned its meeting at 10:30 am.

Respectfully submitted,



Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth actions taken by the Retirement Board on the matters stated but not necessarily in the chronological sequence in which the matters were considered.



MINUTES
RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Avenue, Suite 3000
San Francisco, CA 94102

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

Tuesday, September 9, 2003
8:30 AM

Roll Call:

Retirement Board

Present: E. David Ellington, President
Joseph Driscoll, Vice-President
William Breall, Commissioner
Herb Meiberger, Commissioner
Gerardo Sandoval, Commissioner
Brenda Wright, Commissioner

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Absent: Al Casciato, Commissioner

Retirement System:

Present: Clare M. Murphy, Executive Director of the Retirement System

PUBLIC COMMENT

Members of the public shall have an opportunity to address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board at the beginning of the meeting or when the subject of their interest on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

President Ellington reviewed the Public Comment procedures for the attendees.

No Public Comment was offered.

1. Minutes of the August 12, 2003 Board Meeting

Action: On motion of Commissioner Breall, seconded by Commissioner Meiberger the minutes of the August 12, 2003 Board meeting were approved as presented.

Approved by the following vote:

Ayes: Breall, Driscoll, Ellington, Meiberger, Wright

Absent: Casciato, Sandoval

2. **Approval of Language to Amend to Section 10 of the Retirement Board's Code of Conduct Policy Relating to Communications with External Parties. (First Reading)**

Clare Murphy, Executive Director, presented a written and oral report on this item.

The Board reviewed the proposed language and made revisions to the language. There was discussion that it might be advantageous for the City Attorney to give an educational session regarding the issue of seriatim meetings to clarify communication with vendors and investment consultants.

The Board directed that this item be calendared for the October 14, 2003 meeting with the suggested language changes presented to staff.

3. **Old and Ongoing Business List**

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the Old and Ongoing Business List.

Action: It was moved by Commissioner Breall, seconded by Commissioner Meiberger, to approve the Old and Ongoing Business List as presented.

Approved by the following vote:

Ayes: Breall, Driscoll, Ellington, Meiberger, Wright

Absent: Casciato, Sandoval

4. **Presentation of the:**

➤ **2003-2004 Quarterly Business Plan Report and**

➤ **Proposed Initiatives for the 2004-2005 Business Plan for the San Francisco City Employees' Retirement System**

Jay Huish, Deputy Director, presented a written and oral report on this item.

Board members asked questions of staff regarding the Business Plan. Clare Murphy, Executive Director, explained that she would be meeting individually with Board members to discuss the proposed initiatives for 2004-05.

This was an informational item only, no action taken.

8:55 am Commissioner Gerardo Sandoval arrived at the meeting

5. **Presentation and approval of the 2004 Communications Plan for the San Francisco City Employees' Retirement System**

Jay Huish, Deputy Director, presented a written and oral report on this item.

Board members asked questions of staff regarding features of the Communications Plan and queried how other systems communicate to members, be it by newsletters or monthly statements or other means.

**Retirement Board Minutes
Meeting of September 9, 2003**

Commissioner Sandoval requested staff to check how other public pension agencies communicate with their members and to report their findings at the October meeting.

Action: It was moved by Commissioner Sandoval, seconded by Commissioner Meiberger, to approve the 2004 Communications Plan for the San Francisco City Employees' Retirement System.

Approved by the following vote:

Ayes: Breall, Driscoll, Ellington, Meiberger, Wright, Sandoval

Absent: Casciato

6. CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

6a. Voluntary Retirement Board List No. 3-03

6b. Decision of Hearing Officers

Kathleen M. Arsenault Effective Date: 01/01/03	3417 Gardner – Recreation & Park Dept.	Ordinary Disability Retirement Granted
David Denmark Effective Date: 06/28/03	2320 Nurse – DPH	Ordinary Disability Retirement Granted
Julio Gonzalez Effective Date: 11/1/02	7371 Electrical Maintenance Mechanic – Muni	Ordinary Disability Retirement / Vesting Granted
Rick Jackson Effective Date: 11/16/02	Deputy Sheriff – Sheriff's Dept.	PERS Retirement Granted
Emilia Jimenez-Downes Effective Date: 09/05/01	1446 Secretary II – Parking & Traffic Dept.	Ordinary Disability Retirement / Vesting Granted
Cherel Mandelke Thomas Mandelke (Dec.) Effective Date: 04/15/98	Q-2 Police Officer – Police Dept.	Death as a Result of Duty Granted
Jeanne Parent John Parent (Dec.) Effective Date: 11/23/99	H-2 Firefighter – Fire Dept.	Death as a Result of Duty Denied
Teresita Reyes Effective Date: 5/1/01	2320 Registered Nurse – DPH	Ordinary Disability Retirement Denied
Benjamin Smith, Jr. Effective Date: 01/01/03	9163 Transit Operator – Muni	Ordinary Disability Retirement Granted
Beatrice Williams Effective Date: 4/12/03	1426 Senior Clerk Typist Dept of Human Services	Ordinary Disability Retirement / Vesting Granted

- 6c. Approval of Revisions to the Disability Procedures of the Retirement Board Rules, Section 5.06 (Second Reading)
- 6d. Request Approval for Travel for David Kushner, Deputy Director for Investments, to attend the CALAPRS Advanced Class for Public Pension Fund Staff, as an Instructor on November 5-6, 2003 in Ontario, CA
- 6e. Request Approval for Travel for David Kushner, Deputy Director for Investments, to attend the Institutional Limited Partners Association (ILPA) Meeting to be held October 1-3, 2003 in Santa Monica, CA
- 6f. Request Approval for Travel for David Ellington, Commissioner, to attend Texas Pacific Group's 10th Annual Investors Conference to be held October 20-21, 2003 in Santa Barbara, CA
- 6g. Request Approval for Travel for Brenda Wright, Commissioner, to attend the 9th Annual Plan Sponsor & Manager Conference November 16-18, 2003 in Palm Springs, CA
- 6h. Approval of Sub-Asset Class Ranges

Action: It was moved by Commissioner Breall, seconded by Commissioner Driscoll to approve the Consent Calendar with the deletion of the *Cherel Mandelke* case under Item 6b, "*Decision of Hearing Officers.*"

Approved by the following vote:

Ayes: Breall, Driscoll, Ellington, Meiberger, Wright, Sandoval

Absent: Casciato

7. Executive Director's Report

The Executive Director explained that with regard to SFUSD Payroll there continues to be some difficulties but all SFUSD members as well as all other participants were issued statements in a timely fashion. Staff will continue to monitor this issue as the School District changes payroll systems.

The Memoranda of Understandings for the chiefs of the Police and Fire Departments remain outstanding. Negotiations have not concluded and the Board of Supervisors will not return to meet until 9/16/03. Therefore, payment of Cost of Living Adjustments (COLA) for all retired safety persons remain unpaid until such time as the MOUs are concluded. Staff expects to pay the COLA for rank and file safety employees COLA on 10/31/03.

Ms. Murphy explained that Charter amendments were discussed at length at the August meeting and that there are no new Charter Amendments for the November election. Retirement staff is presently working with the City Attorney and the Human Rights Commission on amendments to the Domestic Partnership Ordinance, which was an initiative ordinance passed by voters in 1994, and amendments to provisions of the Charter governing survivor benefits as it applies to domestic partners. This proposed 7Charter Amendment is slated for the March 2004 election.

Ms. Murphy provided a list of educational opportunities for Board members. If any Board member is interested in attending any of these events, they should contact her office.

INVESTMENT CALENDAR

8. Report on the Performance of the Retirement Fund for the Quarter and Fiscal Year ending 06/30/03

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on the item relating to the Performance of the Retirement Fund for the Quarter and Fiscal Year ending 06/30/03. Board members asked questions of staff.

This was an informational item only, no action taken.

9. Report of Brokerage Commissions Generated by the Retirement Fund during the Quarter and Fiscal Year ending 06/30/03

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on the item relating to Brokerage Commissions Generated by the Retirement Fund during the Quarter and Fiscal Year ending 06/30/03. Board members asked questions of staff.

This was an informational item only, no action taken.

10. Annual Report on Tobacco Divestiture

David Kushner, Deputy Director for Investments, presented a written and oral report to the Board on the item annual report on tobacco divestiture.

This was an informational item only, no action taken.

11. Approval of Request for Proposal (RFP) for Small Cap Growth Equity Manager

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on Request for Proposal (RFP) for Small Cap Growth Equity Manager.

Action: It was moved by Commissioner Meiberger, seconded by Commissioner Driscoll to approve the Request for Proposal (RFP) for Small Cap Growth Equity Manager.

Approved by the following vote:

Ayes: Breall, Driscoll, Ellington, Meiberger, Wright, Sandoval

Absent: Casciato

10:15 am - 10:17am Commissioner Gerardo Sandoval was absent from the meeting.

12. Recommendation for Approval of Investment Guidelines for Armstrong Shaw, Large Cap Value Equity Manager.

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report on this item.

Action: It was moved by Commissioner Meiberger, seconded by Commissioner Wright, to approve the Investment Guidelines for Armstrong Shaw, Large Cap Value Equity Manager.

Approved by the following vote:

Ayes: Breall, Driscoll, Ellington, Meiberger, Wright

Absent: Casciato, Sandoval

13. Deputy Director for Investment's Report

13a. Proxy Votes

No proxy votes

13b. Investment Updates

David Kushner, Deputy Director for Investments, reported that as of August 31, the fund was valued at approximately \$10.6 billion dollars. Mr. Kushner informed the Board of movements within sub-asset classes and reported the Fund Asset Allocation and cash positions are well within the bounds set by the Board.

Mr. Kushner provided the Board with recent articles relating to Alternative Investments, particularly related to Sequoia Capital asking the University of Michigan and the University of California to divest their holdings of Sequoia funds due to public records disclosure issues.

Finally, Mr. Kushner informed the Board that staff is closely monitoring the bid by Oracle Corp. to acquire PeopleSoft. PeopleSoft stock recently traded above the \$19.50 offer, and staff continues to evaluate the merits of the acquisition.

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

14. Review of the Investment Performance Assessment for the San Francisco Deferred Compensation (457) Plan for the period ending 06/30/03

Carol Cypert, Deferred Compensation Manager and Julie Gee representing KPMG presented the Deferred Compensation Investment Performance Assessment for the year ending June 30, 2003. There was discussion about modifying the watch list criteria for implementation to the Investment Policy and presentation for a second reading at the meeting of the Board on November 12, 2003.

Ms. Cypert also informed the Board that the current investigation by New York Attorney General Eliot Spitzer surrounding Janus Funds does not include any of the Janus Funds within the Deferred Compensation Plan at this time.

This was an informational item only, no action taken.

15. Staff and Consultant report on the evaluation of the Request for Proposals (RFP) for the San Francisco Deferred Compensation (457) Plan Administrator

Carol Cypert, Deferred Compensation Manager, presented an oral and written report on this item. She informed the Board of the four (4) semi-finalist's for Plan Administrator who will be invited to make a presentation at a special meeting of the Deferred Compensation Committee on September 30, 2003, and then meet with staff and consultant on October 1, 2003. The four semi-finalists are Citistreet, Great West, ING, and Nationwide. Ms. Cypert will provide grading results of the semi-finalists and a list of questions to Deferred Compensation Committee for review prior to the meeting on September 30, 2003.

This was an informational item only, no action taken.

16. Request for Unforeseeable Emergency Withdrawals

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

➤ Shirley Brown	➤ Rhonda Bryant	➤ Rhonda Ford	➤ Hector A. Carbajal
➤ Carlos Hoy	➤ Jefferson Quilon	➤ Joseph Steward	➤ Edward Wallace
➤ Edgardo Vergara			

Commissioner Driscoll would like to see the unforeseeable emergency withdrawals processed through delegation of authority to staff for standard requests. Ms. Cypert will draft the criteria for board approval at the November meeting.

Action: It was moved by Commissioner Breall, seconded by Commissioner Sandoval, to approve the minutes of the Request for Unforeseeable Emergency Withdrawals.

Approved by the following vote:

Ayes: Breall, Driscoll, Ellington, Meiberger, Wright, Sandoval

Absent: Casciato

17. Deferred Compensation Manager Report

Carol Cypert, Deferred Compensation Manager provided a monthly ING activity report for Board review.

Ms. Cypert informed the board that new staff member Rolette Findley, Senior Clerk Typist, will be working with the Deferred Compensation Plan specifically with Unforeseeable Emergency Withdrawals and Deferred Compensation Payroll Deduction Changes/Cancellations.

18. City Attorney's Report relating to Alameda County Superior Court No. 830914-5

Dan Maguire, Deputy City Attorney, presented a written and oral report on this item.

This was an informational item only, no action taken.

19. Board Member's Report

Commissioner Meiberger reported on the California Farm Tour he attended in August. He visited agricultural properties where nuts were farmed - walnuts, pistachios and almonds. He found the tour very informative.

Commissioner Driscoll discussed a possible Charter Amendment that would enable the member to defer a lump sum payment upon leaving City service. He was hopeful that language could be submitted to the Board of Supervisors prior to its deadline of 9/16/03. Commissioner Sandoval explained that the concept is to create a savings plan so when one retires, sick leave and vacation time could be paid in a lump sum and placed into a savings plan whereby the City would not have to pay payroll taxes.

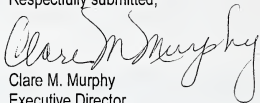
**Retirement Board Minutes
Meeting of September 9, 2003**

Dan Maguire, Deputy City Attorney, explained that Commissioner Driscoll would need to find a member of the Board of Supervisors to sponsor this proposal and that the Retirement Board could not take action on this matter at this meeting. Supervisor Sandoval agreed to sponsor the proposed Charter Amendment.

20. Adjournment

There being no further business, the Board adjourned its meeting at 10:35 am.

Respectfully submitted,


Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth actions taken by the Retirement Board on the matters stated but not necessarily in the chronological sequence in which the matters were considered.



MINUTES
RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Avenue, Suite 3000
San Francisco, CA 94102

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

Tuesday, October 14, 2003
8:30 AM

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Roll Call:

Retirement Board

Present: E. David Ellington, President
Joseph Driscoll, Vice-President
William Breall, Commissioner
Al Casciato, Commissioner
Herb Meiberger, Commissioner
Gerardo Sandoval, Commissioner (noted present at 8:40 am)
Brenda Wright, Commissioner

Retirement System:

Present: Clare M. Murphy, Executive Director of the Retirement System

President Ellington explained that he wanted to recuse himself from voting on Item 1 as he is co-founder and chair of a non-profit organization called OptNet and that ING has made donations to this organization.

On motion of Commissioner Meiberger, seconded by Commissioner Breall, the Retirement Board voted to recuse President Ellington from participating in the item on Selection of the San Francisco Deferred Compensation (457) Plan Administrator.

Ayes: Breall, Casciato, Driscoll, Meiberger, Wright

Absent: Sandoval

Abstain: Ellington

8:35 am to 9:50 am President Ellington was absent from the meeting.

PUBLIC COMMENT

Members of the public shall have an opportunity to address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board at the beginning of the meeting or when the subject of their interest on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

Vice President Driscoll reviewed the Public Comment procedures for the attendees.

No Public Comment was offered.

8:40 a.m. Supervisor Sandoval arrived at the meeting.

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

1. Report and Recommendation for Selection of the San Francisco Deferred Compensation (457) Plan Administrator

Carol Cypert, Deferred Compensation Manager and Wendy Young of Mercer Investment Consulting provided information regarding the results of the review process of the four finalists for Plan Administrator for the Deferred Compensation Plan. There was discussion regarding the overall grading, participant communication and educational services, fixed account and stable value options, staffing, investment advice services, disclosure of fees, and the term of a contractual agreement.

Ms. Cypert and Mercer Investment Consulting recommended entering into contract negotiations with ING Investment Advisors, LLC for a five-year term.

The Board engaged in a question and answer session with Ms. Cypert and Ms. Young regarding fees to the participants, educational programs for the participants, staffing levels and investment options.

PUBLIC COMMENT

Mike Hebel, representing the Police Officers Association (POA), expressed his frustration about the Request for Proposal process for this item. He explained that the POA has its own 457 Advisory Committee and they were not able to get all of the information they wanted to make their own evaluation. He said the POA felt that there should be full disclosure of fees, with emphasis on education and communication. Additionally, local personal service is critical as well as the fund line-up.

Dave Fontana, explained that branding is an important factor as participants become attached to a name brand mutual fund and want to continue with this investment strategy.

Kent Morris, representing Great West, clarified the point that Great West does not hold up payroll processing if there are discrepancies in the participants' contributions. Rather, the contributions are processed the day they are received and the discrepancies are set aside.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Sandoval, to direct staff to begin contract negotiations with ING Financial Advisors, LLC for the San Francisco Deferred Compensation (457) Plan Administrator, with the following provisions:

- ◆ Negotiate a five year term to the contract;
- ◆ Negotiate the most comprehensive fee disclosure possible to ensure that the Plan receives the most competitive costs;
- ◆ Review and make a determination for recommendation to the Retirement Board as to whether a fixed account or stable value option should be offered under the Plan, and

**Retirement Board Minutes
Meeting of October 14, 2003**

- ◆ Review and recommend a proposed fund lineup based on the criteria of the Investment Policy.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Meiberger, Wright, Sandoval

Abstain: Ellington

9:45 am to 9:50 am the Retirement Board recessed.

2. Request for Unforeseeable Emergency Withdrawals

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

Briasha Bell

Sydney Fisher

Maria Korusiewicz

Joe Paris

Domingo Rodriguez

Marilyn Taylor

Mary Evans

Richard Fonseca

Edvida Moore

Zenaida Ramos

Gregory Silvia

Blandina Tuazon

Gary Fagundes

Colin Gardinier

Jerry Nalls, Sr.

Cheree Richson

Joyce Smith

Action: It was moved by Commissioner Breall, seconded by Commissioner Casciato, to approve the Request for Unforeseeable Emergency Withdrawals.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright, Sandoval

3. Deferred Compensation Manager Report

Ms. Cybert provided the monthly ING activity report for the Board's review.

Commissioner Casciato complemented Ms. Cybert on the excellent job she has done on the Request for Proposal process for the San Francisco Deferred Compensation (457) Plan Administrator. Commissioner Meiberger echoed this sentiment.

REGULAR CALENDAR

4. Minutes of the September 9, 2003 Board Meeting

Action: It was moved by Commissioner Breall, seconded by Commissioner Wright, to approve the Minutes of the September 9, 2003 Board Meeting.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright, Sandoval

5. Old and Ongoing Business List

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

**Retirement Board Minutes
Meeting of October 14, 2003**

The Board reviewed and discussed the Old and Ongoing Business List and engaged in a question and answer session on items on the list. Commissioner Joe Driscoll asked that one item be removed from the list, as it is now a proposed Charter Amendment for the March 2004 ballot.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Meiberger, to approve the Old and Ongoing Business List and to remove the item relating to the *Plan for Tax Favored of Lump Sum Payouts of Accrued Leaves* item from the Old and Ongoing Business List:

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright, Sandoval

6. Request to Enclose Combined Charities Campaign Correspondence in the October or November Retirement Allowances

Action: It was moved by Commissioner Breall, seconded by Commissioner Meiberger, to approve the request to Enclose Combined Charities Campaign Correspondence in the October or November Retirement Allowances.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright, Sandoval

7. Semi-Annual Report on Concepts and Status of the Automated Retirement System

Ron Puff, IS Manager, presented a written and oral report on this item.

This was an informational item only, no action taken.

8. Approval of Language to Amend Section 10 of the Retirement Board's Code of Conduct Policy Relating to Communications with External Parties. (First Reading)

Clare Murphy, Executive Director, presented a written and oral report on this item. The Board reviewed the proposed language.

President Ellington suggested insertion of wording under Item 10d that would read, ...trustees shall enter a black out period of no communication. Under his proposed language, Item 10d would read, After a Request for Proposal (RFP) is issued, trustees shall enter a black out period of no communication with potential bidders and external parties until the successful bidder enters into a contract with the Retirement System or City.

Commissioner Sandoval felt this language was very restrictive and that there was a certain practicality that should be acknowledged and respected during the RFP process.

Commissioner Wright was concerned that, sometimes, individual conversations are interpreted as a commitment from the full Board.

Commissioner Meiberger felt that when members are conducting due diligence, this language restrains a board member.

**Retirement Board Minutes
Meeting of October 14, 2003**

Vice President Driscoll felt that once the RFP process begins communications should be restricted so Board members are not lobbied and everyone abides by the same rules and standards.

President Ellington said that he felt it important to be very conservative and tough on corporate governance issues.

Commissioner Breall felt it was important to consider the issue of perception.

In response to Commissioner Sandoval's question, Deputy City Attorney Dan Maguire said that the Airport Commission was the only other city agency he was aware of that had black-out periods.

The Board directed that this item be calendared again for the November 12, 2003 meeting.

9. Approve Adjustment Of Disability Retirement Allowance for Beth E. O'Shea – Ret. #AD4338 (Ballot Vote)

Sauna Rose, Executive Assistant, presented a written and oral report to the Board on this item.

Action: The Board, by ballot vote, unanimously approved the adjustment of Disability Retirement Allowance for Beth E. O'Shea.

10. CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

On motion of Commissioner Breall, seconded by Commissioner Meiberger, the disability hearing case of Jonna Harlan as well as all of the travel items (Item 10d through 10k) were removed from the Consent Calendar and considered separately.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright, Sandoval

Action: On motion of Commissioner Breall, seconded by Commissioner Meiberger, the balance of the Consent Calendar was approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright, Sandoval

PUBLIC COMMENT

Mike Hebel, asked that the case of Jonna Harlan be referred back to the Hearing Officer to ascertain whether or not the Hearing Officer understood the transfer and light duty policy.

This matter was referred to Deputy City Attorney Dan Maguire for his review.

Commissioner Breall explained that Items 10d through 10k relate to his request for a closed session and he urged that the travel requests be set aside until the closed session was held.

**Retirement Board Minutes
Meeting of October 14, 2003**

11:05 am – 11:20 am The Retirement Board recessed its meeting.

In response to Commissioner Driscoll's question regarding the travel requests for Item 10d and 10i, Senior Investment Officer Glen Schwartz, explained that staff attended the annual meetings to monitor the funds and considered the meetings educational.

Action: On motion of Commissioner Meiberger, seconded by Commissioner Driscoll, Items 10e, 10f, 10g, 10h, 10j and 10k were approved by the following vote:

Ayes: Casciato, Driscoll, Ellington, Meiberger

Noes: Breall, Wright

Absent: Sandoval

Action: On motion of Commissioner Breall, seconded by Commissioner Driscoll, Items 10d and 10i on the Consent Calendar were denied.

Motion for denial approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Wright

Noes: Meiberger

Absent: Sandoval

10a. Voluntary Retirement Board List No. 4-03

10b. Decision of Hearing Officers

Ades, Mark Effective Date: 04/26/03	H-3 Paramedic Firefighter Fire Dept.	Industrial Disability Retirement Granted
Ansari, Usamah Effective Date: 09/05/03	8207 Bldg & Grounds Patrol Officer War Memorial	Ordinary Disability Retirement Granted
Boudoures, Robert Effective Date: 9/09/03	H-40 Battalion Chief Fire Dept	Industrial Disability Retirement/Stip Granted
Brooks-Clooney, Fay Effective Date: 9/09/03	1426 Sr Clerk Typist – DPH	Ordinary Disability Retirement Granted
Carnozzi, Bernard Effective Date: 03/01/03	7514 General Laborer – DPW	Ordinary Disability Retirement Granted
Cone, Carol Effective Date: 12/07/02	3320 Animal Keeper – Recreation & Park Dept.	Ordinary Disability Retirement/Vest Granted
Fontaine, Carmen M. Effective Date: 06/29/02	9131 Station Agent – Muni	Ordinary Disability Retirement / Stip Granted
Galvez, Norma B. Effective Date: 11/01/02	2302 Nursing Assistant – DPH/LHH	Ordinary Disability Retirement / Stip Granted
Grimesey, Patrick E. Effective Date: 01/21/03	H-2 Firefighter – Fire Dept.	Industrial Disability Retirement / Stip Granted

**Retirement Board Minutes
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Harlan, Jonna	Lieutenant – Sheriff's Dept.	PERS/Industrial Disability Retirement Denied <i>Note for the Record: This item was removed from the Consent Calendar</i>
Holbert, Leona Effective Date: 05/10/03	1446 Secretary II – DPH	Ordinary Disability Retirement / Stip Granted
Johnson-Morris, Aundrea J	Sheriff Sergeant – Sheriff's Dept.	PERS/Industrial Disability Retirement Denied
Kaleva, Willard D. Effective Date: 07/28/01	Q-4 Police Officer III – Police Dept.	Industrial Disability Retirement /Stip Denied
Mahan, Ramon Effective Date: 12/29/03	H-3 Paramedic – Fire Dept.	Industrial Disability Retirement Granted
Mandelke, Cherel Thomas Mandelke (Dec.) Effective Date: 04/15/98	Q-2 Police Officer – Police Dept.	Death as a Result of Duty Denied
Moore, Donald Effective Date: 04/01/03	9139 Transit Supervisor – Muni	Ordinary Disability Retirement / Stip Granted
O'Shea, Beth E. Effective Date: 02/01/03	Q-4 Police Officer – Police Dept.	Industrial Disability Retirement Granted
Rodriguez, Edward D. Effective Date: 04/25/01	Q-3 Police Officer – Police Dept.	Industrial Disability Retirement / Stip Denied
Smith, Dennis D. Effective Date: 04/01/01	2604 Food Service Worker – DPH – LHH	Ordinary Disability Retirement Granted
Stevenson, Lisa Effective Date: 10/01/02	6281 Sarety Inspector - Fire Dept.	Ordinary Disability Retirement Granted
Walsh, Joseph Effective Date: 10/01/02	7346 Painter – Recreation & Park Dept.	Ordinary Disability Retirement Granted
Wimberly, James W. Effective Date: 12/01/02	2481 Water Control Tech	Ordinary Disability Retirement / Vesting Granted

10c. Dismissal of Ordinary Disability Retirement Application
Baluyut, Imelda

10d. Request Authorization for Glen Schwartz, Senior Investment Officer, to attend the Texas Pacific Group (TPG) Investors Conference to be held on October 20-21, 2003 in Santa Barbara, CA
(Note for the Record: This item was denied.)

Retirement Board Minutes
Meeting of October 14, 2003

- 10e. Request Authorization for Herb Meiberger, Commissioner, to attend the 2003 Timber Tours Across America, to be held on October 23-24, 2003 in Lake Tahoe, CA
- 10f. Request Authorization for E. David Ellington, Retirement Board President, to attend the World Pension Forum's International Symposium to be held on October 25-29, 2003 in San Francisco, CA
- 10g. Request Authorization for Gerardo Sandoval, Commissioner, to attend the Private Equity Fund of Funds Forum on October 29-30, 2003 in New York, NY
- 10h. Request Authorization for Herb Meiberger, Commissioner, to attend the Pacific Pension Institute's 2003 Economic Conference and Symposium, November 3-4, 2003 in San Francisco, CA
- 10i. Request Authorization for Wen Ling Chin, Security Analyst, to attend the Madison Dearborn Partners Annual meeting on November 4-5, 2003 in Chicago, IL *(Note for the Record: This item was denied.)*
- 10j. Request Authorization for E. David Ellington, Retirement Board President, to attend the Alternative Investor Private Equity Analyst Summit to be held in San Francisco, CA on December 3-4, 2003
- 10k. Approval of Request for Travel for Brenda Wright, Herb Meiberger, E. David Ellington, Commissioners, to attend the 12th Annual Public Fund Boards Forum on December 6-10, 2003 to be held in San Francisco, CA

11. Executive Director's Report

Clare Murphy, Executive Director explained that with regard to SFUSD Payroll there continues to be some delays but the Retirement Staff is working with the School District.

Ms. Murphy explained that the Memoranda of Understandings for the chiefs of the Police and Fire Departments remain outstanding. Therefore, only the rank and file Police and Firefighters will receive their Cost of Living Adjustment on 10/31/03. Approximately 20 chiefs (and their survivors) will not receive an adjustment until negotiations conclude.

Charter Amendments proposed for March 2004 Election and to be considered before the Rules Committee on 10/22/03:

- ◆ A proposal that would create an additional retirement, to defer taxes on lump sum payment, which empowers the Board of Supervisors to approve and said plan would be administered by Retirement System.
- ◆ A Charter Amendment and an ordinance amendment relating to Domestic Partners which will address the additional domestic partner structures that are being created across the US and in other countries.
- ◆ A Charter Amendment to reclassify deputy sheriffs as peace officers and simultaneously amend language for Police Officers and Firefighter to create maximum time lines when negotiations can continue. Presently, Charter Section 8.590 does not have any time limits regarding completion of negotiations.
- ◆ The last Charter Amendment which does not affect the Retirement System, is a proposal relating to the Ethics Commission which would add a prohibition of former City employees from communicating with any city entity, elected officials or former employees' appointing officers.

**Retirement Board Minutes
Meeting of October 14, 2003**

Ms. Murphy presented the Retirement Board a Forward Calendar from November 2003 through April 2004 showing the tentative Board items for the future months. Included in the Forward Calendar are committee meetings to be held on the Tuesday following the regular monthly Board meetings.

Ms. Murphy explained that in response to Commissioner Sandoval's request on newsletters, staff has conducted a survey and roughly half of the plans have responded. Most have 1 or 2 newsletters that they offer per year, however, most of the plans have health insurance plans that they operate in addition to retirees' plans and much of the newsletters relates to health provisions. Staff will continue to look at this issue.

11:40 am Commissioner Sandoval returned to the meeting

Ms. Murphy explained that the applications for the Actuary position close tomorrow, October 15, 2003.

Ms. Murphy explained that included in the Board packet is a copy of an Appeals Court decision in the Mason case. The Appeals court upheld the Retirement Board's and the System's procedures and definition of final compensation. There was a request by the plaintiff to rehear their decision and that has been rejected.

Scheduled Committee Meetings

- ♦ Public Investment Committee – Friday, October 17, 2003
- ♦ Governance Committee – Tuesday, November 18, 2003
- ♦ Alternative Investment Committee – Wednesday, November 12, 2003

Ms. Murphy provided a list of educational opportunities for Board members. If any Board member is interested in attending any of these events, they should contact her office.

In response to Commissioner Sandoval's query, Ms. Murphy recounted the survey results for the newsletters. Commissioner Sandoval clarified the point that he spoke to Deputy City Attorney Dan Maguire who felt there was no legal issue that prevents the Retirement System from communicating via a newsletter.

Commissioner Sandoval requested that this matter be scheduled as a separate item for the November 12, 2003 Board meeting. He further asked that staff check into the feasibility of having the Retirement Board meetings televised on Channel 26.

INVESTMENT CALENDAR

12. **Review and Approval of the Strategic Investment Plan for the Alternative Investment Program**
David Kushner, Deputy Director for Investments, Brian Murphy and Ken Wisdom of Portfolio Advisors, presented a written and oral report to the Board on the item relating to the Strategic Investment Plan for the Alternative Investment Program. Board members asked questions of staff and the consultant.

Action: On motion of Commissioner Casciato, seconded by Commissioner Wright, the Board approved the Strategic Investment Plan for the Alternative Investment Program.

Provided further, that the Strategic Investment Plan will have a link to the Annual Plan.

**Retirement Board Minutes
Meeting of October 14, 2003**

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

Absent: Sandoval

12:45 p.m. – Commissioner Breall left the meeting

13. Approval of the Small Cap International Semi-Finalists

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on the item relating to the Small Cap International Semi Finalists. Board members asked questions of staff.

Action: On motion of Commissioner Meiberger, seconded by Commissioner Casciato, the Board approved the Small Cap International Semi-Finalists.

Approved by the following vote:

Ayes: Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

Absent: Breall

14. Semi-Annual Review of Real Estate for the Period Ending 6/30/03

David Kushner, Deputy Director for Investments, Micolyn Yalonis of the Townsend Group and Donald Holcher, Senior Investment Officer, presented a written and oral report to the Board on the item relating to Semi-Annual Review of Real Estate for the Period Ending 6/30/03. Board members asked questions of staff.

This was an informational item only, no action taken.

15. Educational Session on Real Estate Investment Trusts (REITs)

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on the Real Estate Investment Trusts (REITs). Board members asked questions of staff.

This was an informational item only, no action taken.

12: 50-12:55 p.m. – Commissioner Wright was absent from the meeting

1:00 p.m. – Commissioner Sandoval left the meeting

16. Educational Session on Emerging Manager Program

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on the item relating to the Small Cap International Semi Finalists. Board members asked questions of staff.

This was an informational item only, no action taken.

17. Deputy Director for Investment's Report

17a. Proxy Votes

No proxy votes

17b. Investment Updates

**Retirement Board Minutes
Meeting of October 14, 2003**

David Kushner, Deputy Director for Investments, reported that as of September 30, the fund was valued at approximately \$10.7 billion dollars. Mr. Kushner informed the Board of movements within sub-asset classes and reported the Fund Asset Allocation and cash positions are well within the bounds set by the Board.

Mr. Kushner informed the Board that one of our Real Estate Funds, DLJ, recently suffered several departures of key senior individuals at the organization. As a result, Staff is evaluating what, if any, actions should be taken.

Mr. Kushner informed the Board that Staff is closely monitoring the bid by Oracle Corp. to acquire PeopleSoft. Due to inquiries by the Department of Justice into antitrust issues related to the acquisition, the offer has been extended to mid-December. Staff continues to evaluate the merits of the acquisition.

18. Board Member's Report

Commissioner Breall recommended that a closed session be scheduled for the next Retirement Board meeting or at a special meeting. He said he wanted to discuss potential legal matters and wanted members of the Retirement Board, Executive Director Clare Murphy and Deputy City Attorney, Dan Maguire to attend the closed session.

Additionally, Commissioner Breall wanted the videotaping of meetings to be suspended until after the closed Session.

Deputy City Attorney, Dan Maguire explained that the Sunshine Ordinance permits videotaping of Board meetings.

Commissioner Meiberger requested that a closed session be calendared for the November 12, 2003 meeting. He was informed that the City Attorney would review the matter.

19. Adjournment

There being no further business, the Board adjourned its meeting at 1:40 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Clare M. Murphy".

Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth actions taken by the Retirement Board on the matters stated but not necessarily in the chronological sequence in which the matters were considered.



MINUTES

RETIREMENT BOARD

CITY AND COUNTY OF SAN FRANCISCO

30 Van Ness Avenue, Suite 3000
San Francisco, CA 94102

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

Wednesday, November 12, 2003
8:30 AM

Roll Call:

Retirement Board

Present: Joseph Driscoll, Vice-President
William Breall, Commissioner
Al Casciato, Commissioner
Herb Meiburger, Commissioner
Gerardo Sandoval, Commissioner
Brenda Wright, Commissioner

Absent: E. David Ellington, President

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Retirement System:

Present: Clare M. Murphy, Executive Director of the Retirement System

PUBLIC COMMENT

Members of the public shall have an opportunity to address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board at the beginning of the meeting or when the subject of their interest on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

Vice President Driscoll reviewed the Public Comment procedures for the attendees.

No Public Comment was offered.

REGULAR CALENDAR

1. Minutes of the October 14, 2003 Board Meetings

Action: It was moved by Commissioner Meiburger, seconded by Commissioner Casciato, to approve the Minutes of the October 14, 2003 Board Meeting.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Meiburger, Wright

Absent: Ellington, Sandoval

2. **Old and Ongoing Business List**

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the Old and Ongoing Business List and engaged in a question and answer session on items from the list. Commissioner Joe Driscoll asked that the item relating to Gillmore payments be temporarily removed from the list until the Actuary position is filled.

Action: It was moved by Commissioner Meiberger, seconded by Commissioner Breall, to remove the item relating to *Gillmore Payments* from the Old and Ongoing Business List and to approve the remaining list.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Meiberger, Wright

Absent: Ellington, Sandoval

8:45 a.m. Supervisor Sandoval arrived at the meeting.

3. **Review Draft of the San Francisco Employees' Retirement System Annual Report for Fiscal Year 2002-2003**

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the Draft Annual Report. It was agreed that the final report would be presented at the December Retirement Board meeting.

This was an informational item only, no action taken.

4. **Review and Approval of the 2004-05 Business Plan for the San Francisco City Employees' Retirement System**

Clare Murphy, Executive Director, presented a written and oral report on this item. The Board reviewed the proposed language.

The Board reviewed and discussed the 2004 Business Plan.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Wright to approve the 2004-05 Business Plan for the San Francisco City Employees' Retirement System.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Meiberger, Sandoval, Wright

Absent: Ellington

5. **CONSENT CALENDAR**

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

**Retirement Board Minutes
Meeting of November 12, 2003**

Action: On motion of Commissioner Breall, seconded by Commissioner Meiberger, the Consent Calendar was approved.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Meiberger, Sandoval, Wright

Absent: Ellington

5a. Voluntary Retirement Board List No. 5-03

5b. Decision of Hearing Officers

Albert Gughemetti Effective Date: 06/27/03	H-2 Firefighter SFFD	Industrial Disability Retirement/Stip Granted
Steven R. Hardcastle Effective Date: 06/18/03	H-3 Firefighter/Paramedic SFFD	Industrial Disability Retirement Granted
Margaret K. Kimball Effective Date: 10/01/02	2320 Registered Nurse DPH	Ordinary Disability Retirement Granted
Debra L. Manoguerra Effective Date: 05/01/03	8216 Parking Control Officer Dept of Parking & Traffic	Ordinary Disability Retirement Granted
Amy S. McManus Effective Date: 01/01/03	1434 Shelter Service Rep. Animal Care & Control Dept.	Ordinary Disability Retirement Granted
William R. Payton Effective Date: 08/01/03	2303 Nursing Assistant DPH	Ordinary Disability Retirement/Vesting Granted
Demaster Survine Effective Date: 02/01/85	9163 Transit Operator MUNI	Reinstatement Granted
Thauh Q. Tran Effective Date: 05/03/03	1426 Sr. Clerk Typist MUNI	Ordinary Disability Retirement Granted
John V. Wyman Effective Date 11/01/03	Q-4 Police Officer III SFPD	Industrial Disability Retirement Granted

5c. Petition for Rehearing

Jeanne R. Parent Effective Date: 8/05/01	H-2 Firefighter SFFD	Death as a Result of Duty Denied
Edward M. Rodriguez Effective Date: 04/25/01	Q-3 Police Officer SFPD	Industrial Disability Retirement/Stip Denied
Tavita Siataga Effective Date: 07/01/01	9163 Transit Operator MUNI	Ordinary Disability Retirement Denied

**Retirement Board Minutes
Meeting of November 12, 2003**

- 5d. **Request Authorization for David Kushner, Chief Investment Officer, to attend the 9th Annual Plan Sponsor & Manager Conference to be held in Rancho Mirage, CA on November 16-18, 2003.**

6. **Approval of the Denial of the Disability Hearing Decision for Jonna Harlan, Lieutenant, Sheriff's Department.**

Deputy City Attorney, Dan Maguire, presented a written and oral report on this item

Mike Hebel, representing Jonna Harlan, urged the Board to not adopt the decision and asked that the matter be referred back to the Hearing Officer (HO) to ensure that the HO understood both the light duty and transfer policy. He said Lieutenant Harlan had a series of injuries, returned to work as a manager in building a data base, was on disability pay, used her sick leave, and vacation pay and then retired. Mr. Hebel was not convinced the Hearing Officer understood these policies and how they applied to Lt. Harlan.

James Harrigan, attorney for the Sheriff's Department explained that he was asked by Mr. Hebel to point out any flaws he found in the Hearing Officer's decision. He said he did not think it was based on sound reasoning and cited incorrect conclusions referenced in the decision wherein it states that Lt. Harlan can perform the duties of a Deputy Sheriff.

The Board discussed the specifics of this Industrial Disability Retirement case and the hearing and asked questions of Messrs. Hebel, Harrigan and Maguire.

Action: On motion of Commissioner Casciato, seconded by Commissioner Breall, the Disability Hearing Decision for Jonna Harlan was referred back to the Hearing Officer for reconsideration of the issue of light duty.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Meiberger, Sandoval, Wright

Absent: Ellington

7. **Adopt proposed decision of the Administrative Law Judge, denying John Parker's request to backdate his date of retirement.**

Executive Director, Clare Murphy, explained that the attorney representing Mr. John Parker asked that this item be removed from the calendar and considered at a future meeting of the Retirement Board.

Action: This item was removed from the Calendar.

8. **City Attorney Report on the Mason vs. Retirement Board case.**
Deputy City Attorney, Dan Maguire, presented an oral report on this item

Action: This was an informational item only, no action taken.

9. Executive Director's Report

Clare Murphy, Executive Director, explained that the SFUSD has implemented a new system upgrades and it has impeded the flow of correct payrolls. The SFUSD system upgrades continue to impact the Retirement System.

Ms. Murphy explained that the Chiefs of the Police Department and Fire Department remain in negotiations with the City. Therefore, the retired chiefs are not able to receive their COLA until the active chiefs' rates of pay are set and the agreement is approved by the Board of Supervisors and Mayor.

Ms. Murphy provided a list of educational opportunities for Board members. If any Board member is interested in attending any of these events, they should contact her office.

Ms. Murphy outlined the November 4, 2003 ballot propositions that impact the Retirement System:

- ♦ Proposition B - Board of Supervisors can contract with miscellaneous safety participants' for benefits that are cost neutral. There are some participants not yet covered by PERS contracting authority and SFERS is in discussion with other City agencies to secure actuarial expertise on this matter as SFERS can not pay for the actuarial analysis of cost neutrality for PERS safety.
- ♦ Proposition F - the voters approved a targeted early retirement program. As enacted, the program ends June 30, 2005 but can be extended through June 30, 2007 by a vote of the Board of Supervisors. SFERS will not determine who is eligible to receive early retirement benefits. The Department of Human Resources will do such determination; SFERS will counsel individuals who are notified by DHR that they are entitled to receive benefits.

There are 3 Charter Amendments proposed for the March 2004 that impact the Retirement System:

- ♦ Revisions to the pension language and the original Domestic Partnership Ordinances. The Charter Amendment would create absolute equivalence to marriage and domestic partnership for retirement purposes. The proposed Charter Amendment would limit the person who is currently receiving a marital survival benefit and subsequently enters a domestic partner relationship; they will not be able to receive continuation benefits and thereby receive multiple benefits.
- ♦ Charter Amendment that would create a supplemental element to SFERS to receive the transfer of terminal pay, sick, vacation, and other lump sum payments when a person separates from the System. The Charter Amendment will be fully funded by participant or any vendor the Board elects to hire to manage such a plan, there shall be no cost to the employer.
- ♦ A Charter Amendment that would give the Board of Supervisors authority to contract with CalPERS to provide District Attorneys, Public Defenders, Public Defender Investigators, 3% at age 55 service Safety benefits. The latest draft is written to be retroactive to January 1, 2002 which is not consistent with pension plan structural practice.

The Executive Director informed the Board that the Retirement System has received two applications for the Actuary position and will to conduct an oral panel interview using internal staff and external in-house actuaries. Their comments will then be conveyed to the Personnel Committee and/or Retirement Board.

**Retirement Board Minutes
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Ms. Murphy explained that the San Francisco Labor Council has sent a letter requesting that SFERS produce cost estimates for improved benefits of miscellaneous service retirees. Ms. Murphy recommended that a response be drafted informing the Labor Council that Retirement cannot conduct these studies. Charter Section A8.500 provides that once a Charter Amendment is proposed then the Retirement System would prepare an analysis.

The Board engaged in a discussion regarding whether the Retirement System's consulting actuary could conduct the analysis for the Labor Council, if a rough valuation could be done, and the potential conflict by facilitating an external party to conduct the study for the benefit of the Labor Council.

Marguerite Young, representing SEIU, commented that the continuing challenges facing the Retirement System is to be responsible in formulating a proposal that would best serve the interests of as many participants as possible. She suggested that the Retirement Board and staff [who are authorized to do so], sit down with proponents to frame a proposal while being fiscally responsible.

Ms. Murphy outlined the process and costs to prepare and conduct a valuation.

Commissioner Meiberger directed that a letter be sent to the San Francisco Labor Council summarizing the facts about conducting a valuation for the proposals outlined in their letter.

INVESTMENT CALENDAR

10. Review and Approval of 2004 Annual Investment Plan for Alternative Investment Program

David Kushner, Deputy Director for Investments, Brian Murphy and Ken Wisdom of Portfolio Advisors, presented a written and oral report to the Board on the item.

The Board reviewed and discussed the 2004 Annual Investment Plan for Alternative Investment Program and engaged in a question and answer session.

Action: On motion of Commissioner Breall, seconded by Commissioner Casciato, the Board approved the 2004 Annual Investment Plan for Alternative Investment Program

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Meiberger, Sandoval, Wright

Absent: Ellington

11. Review and Approval of Recommendation to Appoint Small Cap International Equity Managers

David Kushner, Deputy Director for Investments, Carl Wilberg, Senior Investment Officer and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on the item relating to the recommendation to appoint Small Cap International Equity Managers.

The Board reviewed and discussed the report and engaged in a question and answer session.

Action: On motion of Commissioner Wright, seconded by Commissioner Meiberger, the Board approved the recommendation to Appoint Small Cap International Equity Managers.

**Retirement Board Minutes
Meeting of November 12, 2003**

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Meiberger, Sandoval, Wright

Absent: Ellington

10:50 a.m. to 10:55 a.m. Commissioner Sandoval was absent from the meeting.

12. Review and Approval of Recommendation to Terminate Nicholas Applegate Capital Management EAFE Portfolio

David Kushner, Deputy Director for Investments, Carl Wilberg, Senior Investment Officer and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on the item relating to the recommendation to terminate Nicholas Applegate Capital Management EAFE Portfolio.

The Board reviewed and discussed the report and engaged in a question and answer session.

Vice President Driscoll concurred with staff's recommendation to terminate Nicholas Applegate but questioned the reasoning to place the proceeds from the termination into the subasset class managed by Western Asset Management.

Mr. Kushner pointed out that the Board's Investment Policy requires that the money be placed into Fixed Income and that placing it elsewhere would create a need to rebalance the Pension Funds' Investment allocation.

A lengthy discussion ensued regarding the transaction costs to move the proceeds from the termination, the merits of giving staff the discretion to rebalance the seven subcategories of the Fixed Income portfolio, and the possibility of developing another investment product.

Action: On motion of Commissioner Meiberger, seconded by Commissioner Casciato, the Board agreed to terminate Nicholas Applegate and that the proceeds from the termination be placed into the Fixed Income Asset Category.

The motion was approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Meiberger, Wright, Sandoval

Absent: Ellington

Executive Director Clare Murphy explained that staff and the consultant would conduct an analysis of the appropriate sub-asset allocation within the Fixed Income category prior to executing the transaction and report to the Board.

13. Deputy Director for Investment's Report

13a. Proxy Votes

No proxy votes

13b. Investment Updates

David Kushner, Deputy Director for Investments, reported that as of October 31, the fund was valued at approximately \$11.1 billion. The Deputy Director for Investments informed the Board of movements within sub-asset classes and reported the Fund Asset Allocation, with the exception of Real Estate, is well within the bounds set by the Board. Additionally, Mr. Kushner reported that cash positions are also within bounds set by the Board.

**Retirement Board Minutes
Meeting of November 12, 2003**

There were no proxies or corporate actions to report to the Board. Finally, Mr. Kushner provided a response from Angeles Investment Advisors to questions the Board asked regarding REITs.

Meeting recessed from 11:15 a.m. to 11:30 a.m.

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

14. Request for Unforeseeable Emergency Withdrawals

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

12:00 noon-12:05 pm Commissioner Meiberger was absent from the meeting

12:00 noon to 12:15 pm Commissioner Sandoval was absent from the meeting

Carol Cypert, Deferred Compensation Manager, responded to Vice President Driscoll's request for further information on the Messrs. Clark and Weaver requests for unforeseeable emergency withdrawal.

Action: On motion of Commissioner Breall, seconded by Commissioner Casciato, the Board approved the Request for Unforeseeable Emergency Withdrawals for the following

The motion was approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Meiberger, Wright

Absent: Ellington, Sandoval

◆	Beverly Burt-Lane	◆	Rafael Restauero
◆	Donna Calloway	◆	Anthony Robinson
◆	Gordon Clark	◆	Mary Swanson
◆	Geraldine Davis	◆	Yvette Torres
◆	DiJaida Durden	◆	John Weaver
◆	Ronald Lane	◆	James Williams
◆	Victor Le		

15. Board Delegation of Authority to Staff to Approve Unforeseeable Emergency Withdrawals from the Deferred Compensation Plan

Carol Cypert, Deferred Compensation Manager, provided information regarding the rules that govern Unforeseeable Emergency Withdrawals from the Deferred Compensation Plan.

The Board engaged in discussion about the denial and appeal process. The Board asked to see a formal Unforeseeable Emergency Withdrawal policy outlining when staff will have the authority to approve an emergency withdrawal including a denial and appeal process.

Action: Staff agreed to draft and present such a policy at the next meeting of the Board on December 9, 2003.

**Retirement Board Minutes
Meeting of November 12, 2003**

12:15-12:20 p.m. Commissioner Casciato was absent from the meeting

16. Review and Approval of Revisions to the Deferred Compensation Plan Investment Policy.

Carol Cypert, Deferred Compensation Manager, presented revisions to the Deferred Compensation Plan Investment Policy for second reading and approval.

Action: On motion of Commissioner Casciato, seconded by Commissioner Meiberger, the Board approved the Revisions to the Deferred Compensation Plan Investment Policy.

The motion was approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Meiberger, Wright, Sandoval

Absent: Ellington

17. Deferred Compensation Manager Report

♦ **ING Contract Negotiations – Status Report from Mercer Investment Consulting**

Ms. Cypert gave a report on the status of contract negotiations with ING and pointed out some of the benefits that plan participants will see when the contract is implemented.

Ms. Cypert provided a monthly ING activity report for committee review.

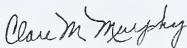
18. Board Member's Report

Board members did not give any reports or updates at this meeting.

19. Adjournment

There being no further business, the Board adjourned its meeting at 12:35 p.m. in memory of Wendy Marx, wife of E. David Ellington, who passed away on October 28, 2003.

Respectfully submitted,



Clare M. Murphy
Executive Director

Please Note: The minutes of this meeting set forth actions taken by the Retirement Board on the matters stated but not necessarily in the chronological sequence in which the matters were considered.



MINUTES
RETIREMENT BOARD
CITY AND COUNTY OF SAN FRANCISCO
30 Van Ness Avenue, Suite 3000
San Francisco, CA 94102

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefit programs, and providing promised benefits.

Tuesday, December 9, 2003
8:30 AM

DOCUMENTS DEPT.

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Roll Call:

Retirement Board

Present: E. David Ellington, President
Joseph Driscoll, Vice-President
William Breall, Commissioner
Al Casciato, Commissioner
Herb Meiberger, Commissioner
Gerardo Sandoval, Commissioner (noted present at 9:20 am)
Brenda Wright, Commissioner

Retirement System:

Present: Clare M. Murphy, Executive Director of the Retirement System

PUBLIC COMMENT

Members of the public shall have an opportunity to address the Retirement Board on items of interest to the public that are within the subject matter jurisdiction of the Retirement Board, including items being considered today. Members of the public may address the Retirement Board at the beginning of the meeting or when the subject of their interest on today's agenda is being considered. Members of the public may address the Retirement Board for up to five minutes. The President of the Retirement Board may limit the total testimony to 30 minutes.

President Ellington reviewed the Public Comment procedures for the attendees.

No Public Comment was offered.

REGULAR CALENDAR

1. Minutes of the November 12, 2003 Board Meetings

Action: It was moved by Commissioner Wright, seconded by Commissioner Breall, to approve the Minutes of the November 12, 2003 Board Meeting.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Absent: Sandoval

2. Old and Ongoing Business List

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

The Board reviewed and discussed the Old and Ongoing Business List and engaged in a question and answer session on items from the list. In response to Commissioner Casciato's request, Executive Director, Clare Murphy gave a verbal update on the item relating to Securities Litigation.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Driscoll, to approve the Old and Ongoing Business List as presented.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Absent: Sandoval

3. Approval of the San Francisco Employees' Retirement System Annual Report for Fiscal Year 2002-2003

Shauna Rose, Executive Assistant, presented a written and oral report on this item.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Breall, to approve the San Francisco Employees' Retirement System Annual Report for Fiscal Year Ending June 30, 2003 as presented.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Absent: Sandoval

4. Retirement System Travel Expense Report for the Period Ending September 30, 2003

Clare Murphy, Executive Director, presented a written and oral report on this item.

This was an informational item only, no action taken.

5. Review of the Actuarial Experience Analysis and Adoption of Economic Assumptions

Clare Murphy, Executive Director, Leslie Finertie and Tom Matthews, representing Towers Perrin presented a written and oral report on this item.

Board members engaged in a question and answer session and queried the components used by the consulting Actuary for its analysis. Issues relating to the wage assumptions, job growth, inflation and increased liability were discussed.

Ben Rosenfeld, representing the Mayor's Office asked that the Retirement Board consider the impact of the expected contribution rates and its impact to the City. The Board's action may impact the City's ability to provide wage increases. The City's budget shortfall is expected to be approximately \$215 Million, which assumes no wage increases, and a continuation of the employee picking up the 7½% contribution to the Trust. He said the City will be absorbing large contribution increases and noted that labor base takes up two-thirds of the City's budget.

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9:25 a.m. Supervisor Sandoval arrived at the meeting.

Action: It was moved by Commissioner Breall, seconded by Commissioner Meiberger, to have the Consulting Actuary prepare the valuation based on three interest earnings assumptions: 7.75%, 8% and 8.25%.

Provided further, that the Retirement Board will consider the contribution rates at the January meeting.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Wright

Abstain Sandoval

6. Approve Adjustment of Retirement Allowance for Susan J. Moneyhun (Requires Ballot Vote)

Deputy City Attorney, Dan Maguire, presented a written and oral report to the Board on this item.

Action: The Board, by ballot vote, unanimously approved the adjustment of Disability Retirement Allowance for Susan J. Moneyhun.

7. CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

7a. Voluntary Retirement Board List No. 6-03

7b. Decision of Hearing Officers

Charles Anzore Donna Anzore (Wife) Effective Date: 07/01/01	Q-4 Police Officer III – Police Dept.	Death as a Result of Duty Granted
Thomas Gavin Effective Date: 09/27/03	H-1 Paramedic – Fire Dept.	Industrial Disability Retirement Granted
Gerrie Marcus Effective Date: 02/01/03	2110 Medical Record Tech. DPH	Ordinary Disability Retirement Granted
Gerald J. McCarthy Effective Date: 10/01/02	Q-6 Police Officer – Police Dept.	Industrial Disability Retirement Granted
Robert G. Oller Effective Date: 04/15/02	H-20 Lieutenant – Fire Dept.	Industrial Disability Retirement Granted
Robert V. Sheehan Effective Date: 10/20/03	Q-4 Police Officer III – Police Dept.	Industrial Disability Retirement Granted

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Natasha E. Stillman Effective Date: 03/01/03	1370 Special Assistant Dept. of the Environment	Ordinary Disability Retirement Granted
Yakov Vishnevsky Effective Date: 06/01/02	7326 Glazier – DPW	Ordinary Disability Retirement/ Vest. Granted
Vicki A. Webb Effective Date: 02/01/03	2672L Asst. Houseparent - SFUSD	Ordinary Disability Retirement Granted
Marlene Willhoite Effective Date: 02/01/03	Q-2 Police Officer – Police Dept.	Industrial Disability Retirement/Stip Granted
Tammy S. Wong Effective Date: 5/15/03	1003 IS Operator – DTIS	Ordinary Disability Retirement/Stip Granted
7c. Petition for Rehearing		
Aundrea J. Johnson- Morris	PERS Application for Disability Retirement	Refer back to Administrative Law Judge for Proposed Decision

Commissioner Breall asked that the Hearing Officer decision of Charles Anzore be removed from the Consent Calendar and considered separately.

Deputy City Attorney Dan Maguire asked that Item 7c be removed from the Consent Calendar. He explained that the item would be handled administratively.

Action: It was moved by Commissioner Breall, seconded by Commissioner Wright to approve the balance of the Consent Calendar, as presented.

Approved by the following vote:

Ayes: Breall, Casciato, Driscoll, Ellington, Meiberger, Sandoval, Wright

Commissioner Breall discussed the merits of the Hearing Officer decision as it related to Mr. Anzore and voiced his concern that this particular decision should not be upheld as the nature of the illness, kidney cancer, should not be considered "Death as a Result of Duty". While Commissioner Breall was very sympathetic to the widow, he felt it important to consider the basis of the illness and that the Hearing Officer's decision should be appealed.

The Board engaged in a discussion regarding this issue and asked questions of the City Attorney.

Action: It was moved by Commissioner Breall, seconded by Commissioner Wright to appeal the Hearing Officer decision of the case relating to Charles Anzore.

Approved by the following vote:

Ayes: Breall, Driscoll, Ellington, Sandoval, Wright

Noes: Casciato, Meiberger

8. Executive Director's Report

Executive Director Clare Murphy explained that the SFUSD payroll item remains an outstanding issue, as staff has only been able to post data from SFUSD up to September 2003. The SFUSD has changed its reporting system and staff continues to work with SFUSD staff to ensure that employer contributions are accurately collected and reported.

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The City has concluded negotiations with the management ranks of the Police and Fire Departments and the agreements will be considered by the Board of Supervisors in January 2004, which will result in the chiefs not receiving COLA until January 31, 2004. The COLA will be retroactive and will include the appropriate percentage. All other COLAs have been paid to SFERS members.

Ms. Murphy updated the Board on proposed Charter Amendments for the March 2004 ballot:

- ◆ A proposal to accept transfers of terminal pay, sick, vacation, and other lump sum payments to a deferred compensation plan when a person separates from City service.
- ◆ A change in the Domestic Partnership provisions and an amendment to the original initiative ordinance. Some of the features of the amendment include: eliminate the requirement that participants who formalize a domestic partnership through the San Francisco County Clerk's Office and elimination of the residency requirement and the requirement to bring copies of certification to SFERS a year prior to any spouse equivalent benefit being paid
- ◆ Proposal to enable the Board of Supervisors to contract with CalPERS for benefits for District Attorney/Public Defenders and Public Defender Investigators. The legislation has two exceptional features: It has a retroactive coverage feature to 1/1/2002, which is extremely unusual and may imply that people be "un-retired" and put into a new contract. Secondly, State law (PERS) would have to enact legislation to accept this new benefit.

Ms. Murphy explained that there are two candidates for the position of Actuary. The interview panel will meet on December 30th and the in-house Actuary for the State Teachers' Retirement System and Leslie Finertie from Towers Perrin will participate in the interviews. A recommendation will be made to the Personnel Committee in January.

Ms. Murphy explained that Proposition F (November 2003) provides a targeted early retirement process. Staff has met four times with the Department of Human Resources, the Mayor, and the Controller in looking at the retroactive application of Proposition F. The retroactive application issue has been reviewed and the process on how a person will be notified and considered for early retirement will be distributed in early January. Staff does not know how many individuals are subject to this provision and it may create an increase in workload for SFERS. This cost is not factored into the current budget process.

Ms. Murphy introduced Jim Burrue, the Retirement System's new Finance Manager, to the Retirement Board.

Ms. Murphy invited Board members to the SFERS Holiday Party to be held on Friday, December 12, 2003, at 2:00 pm.

Ms. Murphy provided a list of educational opportunities for Board members. If any Board member is interested in attending any of these events, they should contact her office.

Ms. Murphy presented the Retirement Board a Forward Calendar from January 2004 through June 2004 showing the tentative Board items for the future months. Included in the Forward Calendar are committee meetings to be held on the Tuesday following the regular monthly Board meetings.

Ms. Murphy explained that a burglary took place in the office last Thursday, December 4, 2003. As a result, SFERS has re-instituted a visitor badge policy for all non-employees of the Retirement System.

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Lois Black, asked that the Retirement Board direct management to not deny instituting security measures at 30 Van Ness Avenue. She said this is not the first time an employee was robbed, staff does not feel safe, and badges do not mean anything. She wanted a locked facility so that staff could leave their work area with the members' confidential documents remaining on the employees' desks without worry.

Board members suggested that staff explore additional security measures and associated costs for card reader locks, key access locks, etc.

Ms. Murphy wished the Board Happy Holidays on behalf of all the staff and thanked the Board for its recognition of SFERS staff professionalism and service to members.

10:00 am – 10:10 am – The Retirement Board Recessed

INVESTMENT CALENDAR

9. Report on the Performance of the Retirement Fund for the Quarter Ending 9/30/03

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on the item relating to the Performance of the Retirement Fund for the Quarter ending 9/30/03.

The Board reviewed and discussed the report and engaged in a question and answer session.

Action: This was an informational item only, no action taken.

9. Report of Brokerage Commissions Generated by the Retirement Fund During the Quarter Ending 9/30/03

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on the item relating to Brokerage Commissions Generated by the Retirement Fund for the Quarter ending 9/30/03.

The Board reviewed and discussed the report and engaged in a question and answer session.

Action: This was an informational item only, no action taken.

11. Report on Manager Monitoring List Activities

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on the Manager Monitoring List.

Action: This was an informational item only, no action taken.

12. Recommendation and Approval of Policy to Invest in Emerging Public Markets Managers

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on the item relating to investing in the Emerging Public Markets Manager.

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The Board reviewed and discussed the report and engaged in a question and answer session. A lengthy discussion ensued regarding the merits of the program, the proposed risk and the need to begin the Request for Proposal process.

Commissioner Meiberger voiced his concern that the information presented on this program was anecdotal evidence and felt that he could not support the proposed policy. He wanted staff to provide the Board further studies and analysis before he could render his support.

Action: It was moved by Commissioner Breall, seconded by Commissioner Wright to approve the Policy to Invest in Emerging Public Markets Manager.

Approved by the following vote:

Ayes: Breall, Casciato Driscoll, Ellington, Sandoval, Wright

Noes: Meiberger

13. Recommendation and Approval of International Small Cap Manager Guidelines

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on the item relating to Small Cap Manager Guidelines.

The Board reviewed and discussed the report and engaged in a question and answer session.

Action: It was moved by Commissioner Breall, seconded by Commissioner Driscoll, to approve the International Small Cap Manager Guidelines.

Approved by the following vote:

Ayes: Breall, Casciato Driscoll, Ellington, Meiberger, Sandoval, Wright

14. Recommendation and Approval of Domestic Small Cap Growth Finalists.

David Kushner, Deputy Director for Investments, and Leslie Kautz of Angeles Investment Advisors, presented a written and oral report to the Board on the item relating to Domestic Small Cap Growth Finalists.

Action: It was moved by Commissioner Casciato, seconded by Commissioner Wright, to approve the Domestic Small Cap Growth Finalists.

Approved by the following vote:

Ayes: Breall, Casciato Driscoll, Ellington, Meiberger, Sandoval, Wright

15. Semi-Annual Report of Alternative Investments Program for Period ended 06/30/2003

David Kushner, Deputy Director for Investments, Glen Schwartz, Senior Investment Officer, Brian Murphy and Ken Wisdom of Portfolio Advisors, presented a written and oral report to the Board on the item.

The Board reviewed and discussed the Semi Annual Report of Alternative Investment Program and engaged in a question and answer session.

11:50 a.m. Commissioner Sandoval left the meeting.

Action: This was an informational item only, no action taken.

16. Deputy Director for Investment's Report

David Kushner, Deputy Director for Investments, reported that as November 30, the fund was valued at approximately \$11.2 billion dollars. Mr. Kushner informed the Board of movements within sub-asset classes and reported the Fund Asset Allocation, with the exception of Real Estate, is well within the bounds set by the Board. Additionally, the DDI reported that cash positions are also within bounds set by the Board.

As requested by the Board at the November 12 meeting, Mr. Kushner provided the information regarding the use of proceeds from the termination of the Nicholas Applegate EAFE portfolio. The funds from that termination were used to increase the weight of the Core Plus Fixed Income sub-asset class (\$160 million) and providing for payment of benefits and expenses (\$32.8 million).

There were no proxies or corporate actions to report to the Board.

SAN FRANCISCO DEFERRED COMPENSATION PLAN CALENDAR

17. Request for Unforeseeable Emergency Withdrawals

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Board. There will be no separate discussion of these items unless a member of the Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

Action: On motion of Commissioner Breall, seconded by Commissioner Wright, the Board approved the Request for Unforeseeable Emergency Withdrawals for the following:

- | | | |
|-----------------------|--------------------|---------------------|
| ◆ Evangeline Castillo | ◆ Kenneth Chambers | ◆ Jacqueline Cooper |
| ◆ Otha Cotton | ◆ Curtis Counce | ◆ Nanae DeBerry |
| ◆ Pedro Hernandez | ◆ Sonia Navarro | ◆ Nancy Rivers |
| ◆ Orange Rose | ◆ Courtland Young | |

Approved by the following vote:

Ayes: Breall, Casciato Driscoll, Ellington, Meiberger, Wright

Absent: Sandoval

18. Approval of the Policy Delegating Authority to Staff to Approve Unforeseeable Emergency Withdrawals from the Deferred Compensation Plan

Executive Director, Clare Murphy and Carol Cypert, Deferred Compensation Manager, presented to the Board a formal Unforeseeable Emergency Withdrawal Policy for adoption.

Commissioner Casciato felt it important to be aware of the individual cases that come before SFERS. He was reluctant to curtail the present practice because he was kept abreast and informed of the individual cases and felt there was an issue of stewardship

12:20 p.m. Commissioner Wright left the meeting.

The Board engaged in discussion about the proposed policy and the merits of delegating authority to staff.

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Action: On motion of Commissioner Breall, seconded by Commissioner Driscoll, the Board approved the Policy Delegating Authority to Staff to Approve Unforeseeable Emergency Withdrawals from the Deferred Compensation Plan.

Further provided, that staff will present a report on this Policy at the March 2004 Retirement Board meeting.

Approved by the following vote:

Ayes: Breall, Casciato Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

19. Deferred Compensation Plan Committee Report and Recommendation of Funds for Immediate Termination and Placement on Watch List.

Commissioner Meiberger, Chair of the Deferred Compensation Plan Committee, gave a report from the December 3, 2003 meeting and explained that the Committee focused on the Janus funds. Representatives from Janus Funds were present and spoke. The Committee approved staff's recommendation to terminate all four of Janus Funds and to place five funds on the Watch List.

Carol Cypert, Deferred Compensation Manager, gave the timeline for termination of the funds: End of December, participants will be notified and will have six weeks to move their funds.

Action: On motion of Commissioner Meiberger, seconded by Commissioner Casciato the Board approved the Recommendation of Funds for Immediate Termination and Placement on Watch List.

Approved by the following vote:

Ayes: Breall, Casciato Driscoll, Ellington, Meiberger

Absent: Sandoval, Wright

20. Deferred Compensation Committee Report on Subsequent Investment Changes; Review of Structural Issues and Proposed Time Line.

Carol Cypert, Deferred Compensation Manager, provided information regarding subsequent Investment Changes and also reviewed Structural Issues and Proposed Time Line.

Action: This was an informational item only, no action taken.

21. Update on Terms of the Deferred Compensation (457) Plan Administrator Agreements

Carol Cypert, Deferred Compensation Manager, and Wendy Young of Mercer Investment Consulting, provided information about the contract negotiations with ING. Ms. Cypert reported that the City and County of San Francisco is still reviewing the final draft, however staff, Mercer Investment Consulting, and ING have come to terms regarding all agreements and contracts. A brief report on the enhancements to the plan that will be forthcoming at the time of contract renewal.

Action: This was an informational item only, no action taken.

22. Deferred Compensation Manager Report

Carol Cypert, Deferred Compensation Manager, Ms. Cypert provided a monthly report from ING for review by the Board. Through the manager report Ms. Cypert discussed the increased contribution limits for 2004; Maximum deferral for 2004 is \$13,000. The "older workers" catch-up allows the participant to contribute an additional \$3,000 (\$13,000 + \$3,000 = \$16,000 maximum), and the 3 year catch-up limit will be increased to \$26,000. Ms. Cypert also discussed the possible elimination of Lump-Sum Deferrals into the plan due to the final regulations issued by the IRS and will provide an update at the meeting of the Board in January.

23. Board Member's Report

Commissioner Casciato referenced a letter he had received from Mike Hebel, representing the Police Officers Association, regarding the cases relating to Gail Barrett and Gilbert Montoya. He asked staff to provide him with an update on the status of these cases.

Commissioner Casciato wishes his fellow commissioners and staff Happy Holidays.

Commissioner Meiberger noted that the recently instituted procedure for him to receive facsimile transmissions and mail caused him to receive a notice of an event after the fact, that is, after the date of the event. He requested that notice be forwarded immediately.

President Ellington thanked staff for adjourning last month's meeting in memory of his wife, Wendy Marx.

24. Adjournment

There being no further business, the Board adjourned its meeting at 12:55 p.m.

Respectfully submitted,



Clare M. Murphy
Executive Director

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